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RUSSIA AND CHINA: AN HISTORICAL PERSPECTIVE ON THE PROSPECTS FOR ALLIANCE

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The issue of whether various forms of cooperation between the two sides are properly seen as elements of a new, closer security relationship are addressed in three case studies, each of which compares an important facet of bilateral cooperation in the 1990s with cooperation in the same field during the 1950s. Cooperation in defense technology, economic affairs, and territorial relations are examined. These studies find that Chinese-Russian cooperation is likely to continue for the foreseeable future, but that it has fallen off since the early 1990s and is unlikely to develop beyond current levels in the near term. They find no causal link between cooperative relations and the emergence of alignment or alliance between these states. The limited scope of current bilateral cooperation between these countries, the absence of mutual favored treatment in their cooperative relations, and persistent historical enmities are central to this judgment.

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RUSSIA AND CHINA: AN HISTORICAL PERSPECTIVE ON THE PROSPECTS FOR ALLIANCE

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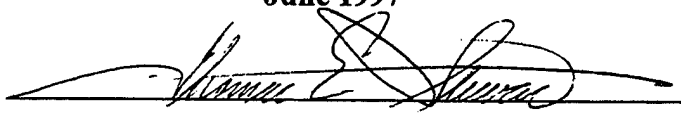
Author: 
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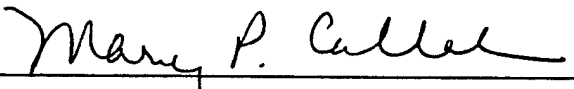
Approved by: 
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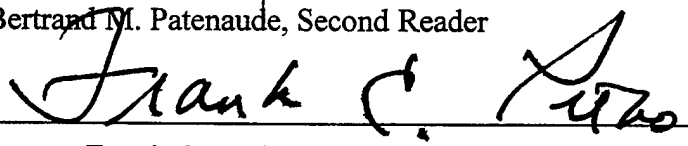
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ABSTRACT

This thesis examines prospects for the development of Chinese-Russian strategic relations. It addresses an interpretation that is prevalent, if not predominant, in current literature on the relationship - that the two countries appear to be moving toward alignment or alliance, and that the evidence for this movement is in the increasing security-related cooperation between the two sides since 1990. This paper addresses two questions that are central to this interpretation: (1) Is cooperation between the two sides in fact deepening over time? and (2) Is this cooperation likely to lead to alignment?

The issue of whether various forms of cooperation between the two sides are properly seen as elements of a new, closer security relationship are addressed in three case studies, each of which compares an important facet of bilateral cooperation in the 1990s with cooperation in the same field during the 1950s. Cooperation in defense technology, economic affairs, and territorial relations are examined. These studies find that Chinese-Russian cooperation is likely to continue for the foreseeable future, but that it has fallen off since the early 1990s and is unlikely to develop beyond current levels in the near term. They find no causal link between cooperative relations and the emergence of alignment or alliance between these states. The limited scope of current bilateral cooperation between these countries, the absence of mutual favored treatment in their cooperative relations, and persistent historical enmities are central to this judgment.

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EXECUTIVE SUMMARY

This thesis examines prospects for the development of strategic relations between China and Russia. It addresses an interpretation that is prevalent, if not predominant in the literature on this relationship: that China and Russia appear to be moving toward alignment or alliance, and that the evidence for this movement is in the increasing security-related cooperation between the two sides since 1990. This paper addresses two questions that are central to this interpretation: (1) Is cooperation between the two sides in fact deepening over time? and (2) Is this cooperation likely to lead to alignment?

This thesis argues that the connection drawn between cooperative relations and alliance building is based mainly on a structural interpretation of world politics in which Russia and China are seen to be balancing against the United States' perceived role as unipolar hegemon in the post-cold war international order. Declarations by Russian and Chinese national leaders have described an emerging "security partnership" between the two countries, prompting many analysts to identify the existing cooperative relations between the two countries as indicators of progress toward this "partnership," which is seen as a euphemism for alliance. It is argued here that neither theory nor the declarations of Chinese and Russian leaders provides a reliable basis for assertions of alignment between these countries.

The issue of whether various forms of cooperation between the two sides are properly seen as elements of a new security relationship are addressed in three case studies, each of which compares a facet of bilateral cooperation in the 1990s with cooperation in the same field during the 1950s. Cooperation in defense technology, economic affairs, and territorial relations are examined. These studies find that Sino-Russian cooperation is likely to continue for the foreseeable future, but that most evidence suggests cooperation has fallen off since the early 1990s and is not likely to develop appreciably beyond its current levels in the near future. They find no reliable basis for drawing a causal link between cooperative relations and the emergence of alignment or alliance between these countries. The outlook for such a result based on current forms of cooperation is poor because of the relatively limited scope of the cooperation in all three fields, because of evidence that China and Russia appear not to treat one another as favored partners in any of these fields, and because of historical factors, observable in both the 1950s and 1990s relationships, that will tend to further restrict cooperation.

These findings appear to have some implications for international relations theory. First, fear of "cheating" in cooperative relations is shown to represent a major obstacle to

the growth of such ties, particularly in a bilateral relationship. Second, it appears that the frequent use of case studies in economic and technological cooperation to test the validity of realist versus neo-liberal theories may be less telling than some authors believe: economic cooperation breeds dissension among the strongest of modern allies because it offers such fertile ground for the growth of suspicions and resentments. Yet developments in cooperative spheres seldom have a serious effect on security relations. The issue of whether countries are more likely to "bandwagon" with or balance against a perceived hegemon is also addressed in this paper: at least in the Sino-Russian case, a false form of balancing appears to occur when conflict is a distant threat; bandwagoning appears to be the pattern when a real threat appears.

Implications for U.S. policy are fairly straightforward: First, the national security community should not rush to judge these countries as embarked on a journey toward alliance; second, the United States may wish to encourage cooperation in the form of confidence-building measures between these Asian neighbors, recognizing their self-declared "strategic partnership" for what it is; third, the United States should continue to do what it can to promote Russian and Chinese integration into the world economic system, emphasizing the prerequisite domestic reforms.

I. INTRODUCTION

The dynamics of the Cold War and especially its frostiest variant, the Sino-Soviet conflict, inspired considerable scholarship on the historic and contemporary relationship between the Chinese and the Russians. A common finding in much of this scholarship is that the USSR-PRC relationship, apparently so close at its outset in 1949, declined precipitously by the late 1950s because of differences between the Soviet and Chinese leaderships over basic ideological issues. The Chinese portrayed the Soviets as status-quo powers with no real interest in actively promoting world revolution; the Soviets, on the other hand, shied away from the Chinese as reckless adventurers who seemed perfectly willing to risk global conflagration by promoting wars throughout the developing world.

Within the confines of this generalized portrayal of the Sino-Soviet split, however, there exist many different interpretations of how this fundamental ideological conflict arose. The question of how various factors operated in the relationship to bring about its downfall make for some of the most interesting reading available on the bilateral relationship. Some argue that the ideological split was in fact strongly impelled by disagreements over areas of cooperation that were not directly related to a clash of political visions. In this interpretation, cooperation in such fields as economic

development, arms modernization, and territorial affairs were not the victims of ideological differences, but rather crucial threads in a tapestry of growing mutual enmity. It was this aggregate ill will over perceived slights that found expression in the virtual cessation of cooperative relations after 1960, followed by the open vitriol of Chinese and Soviet propaganda campaigns that challenged the right of the other country to a position of leadership in the international communist movement.

This thesis explores the scholarship on the "tributary" sources of the Sino-Soviet split in the late 1950s and compares these findings with the development of Sino-Russian relations in the 1990s. This study recommends itself for at least two reasons. First, much has been written in the 1990s about the potential for (or the perception of) an emerging alliance-like relationship between China and Russia. Such a security relationship would obviously lack the ideological basis of the 1950s, but many observers see other strong imperatives toward alliance-building. For example, many adherents of the "realist" school of international relations theory posit a natural tendency for two states recently demoted from world-power status to unite and "balance" against the West in general and the United States in particular.

Second, in the absence of an ideological basis, an expanded security relationship between China and Russia would presumably derive from more practical concerns. It is precisely these concerns that have informed the scholarly writing on the Sino-Russian relationship following the demise of the Soviet Union. A survey of the literature identifies three areas of bilateral cooperation--already cited above in discussing the 1950s relationship--which are seen as most salient to the growth of bilateral security ties: economic development, arms modernization, and territorial issues.

The basic questions which this comparative study seeks to address are the following:

- On balance, is the combination of persistent factors observable in the 1950s relationship and those new factors unique to the 1990s relationship suggestive of growing or diminishing cooperative ties?

- Based on these findings, what inferences can be reliably drawn regarding the prospects for Sino-Russian security cooperation in the 1990s and beyond?

The following chapter discusses the theoretical bases and empirical evidence supporting the claim that China and Russia are forming a strategic alliance in the 1990s. It argues that the theoretical frameworks that have emerged in the study of the Sino-Soviet relationship do not function well in explaining or predicting the course of Sino-Russian relations at present. An empirical survey of what the two sides have said and done

regarding strategic alignment or alliance in the 1990s concludes that there is insufficient direct evidence to confirm or discount a contention of alliance-building. Finally, a survey of scholarly literature concerning the 1990s relationship finds both a growing consensus that a strategic alliance is emerging between these two countries and growing reliance on the three areas of bilateral cooperation already specified as evidence for such an alliance.

Each of the three succeeding chapters compares Sino-Soviet cooperation in a particular field in the 1950s with Sino-Russian cooperation in that same field in the 1990s. At the end of each chapter, that particular field is assessed in terms of the first question above in order to weigh its potential contribution to (or detraction from) the prospects for Sino-Russian security cooperation. The concluding chapter summarizes these findings and offers an answer to the second question.

The basic findings of this thesis are that Russo-Chinese cooperation in various fields, while likely to continue for some time at low to moderate levels, is unlikely to develop significantly for the foreseeable future because of fundamental bilateral conflicts and non-complementarity. Lackluster cooperative relations between the two states will not be conducive to alliance formation, which is in any case largely precluded by many of the same factors that make the development of long-term cooperation so difficult for these

countries. An absence of trust is likely to keep the two governments strategically separate, even as sub-state level entrepreneurs seek ways to carry out limited cooperation in defense technology, economic relations, and border management.

II. THEORY, EVIDENCE, AND ANALYSIS

This chapter examines the main approaches that have been taken by scholars and security analysts to the Sino-Russian security relationship over the last fifty years. It seeks to answer two questions. First, how well is the current relationship explained by the theoretical approaches that have been taken toward the relationship during this period, and by direct evidence and scholarly analysis of those ties in the 1990s? Second, how have these approaches contributed to the development of a near-paradigmatic interpretation of Sino-Russian cooperation in various fields as a transitional stage in the establishment of an alliance?

Considerable space is devoted to a review of the tenets of international relations theory that have been applied to the Sino-Soviet and Sino-Russian relationships since the end of the Second World War. These theories are broadly categorized as system- and state-level approaches. System-level interpretations have been dominated by the "realist" school, which has made important contributions to the interpretive study of Sino-Soviet and Sino-Russian relations. As a theoretical school that addresses the phenomenon of security relations directly, the contributions of "realism" to the study of security ties between these two countries is discussed at some length. Although not as influential, the

applicability of a competing approach which draws upon both system- and state-level factors--"neo-idealism"-- is also assessed. Finally, prominent among the state-level interpretations is an ideological school of analysis, which has at various times sought to explain Sino-Soviet and Sino-Russian relations in terms of the ideological agendas pursued by the two states and the relationship between those ideologies. It is argued here that although these schools of interpretation fail to explain or predict the course of Sino-Russian security relations in the 1990s, they have nonetheless made important contributions to understanding the former relationship and shaped the response of most observers to the emergence of the new bilateral nexus.

Next, this chapter reviews statements and behaviors by the two sides since the collapse of the Soviet Union to determine what examination of direct evidence (i.e., official pronouncements) concerning the relationship might reveal about the prospects for growing security ties. It is argued that both sides have used secrecy and obscure wording to keep the nature of the developing relationship as ambiguous as possible. It is further argued that there is no direct evidence in these pronouncements that any significant alignment has taken place between China and Russia in the 1990s, nor any indication that there is an increasing tendency toward alliance-building.

The chapter ends with a review of observations by scholars and security analysts about the nature of Sino-Russian security ties in the 1990s. It identifies three basic stages in the security community's assessment of the newly cooperative relationship: an attempt to place Sino-Russian relations in the context of a multipolar post-Cold War security environment, followed by analyses--strongly influenced by realism's "balance of power" model--that found evidence of balancing and a strategic alignment (against the United States as a unipolar hegemon), culminating in a general expectation that some form of strategic alliance was "under construction" between these states. This most recent interpretation has been given added credibility by the explosive growth of scholarship on the "China threat" and the inevitability of clashes between the United States and China; strategic alignment with Russia is viewed as a supportive corollary to the threat argument. The argument that China and Russia are seeking an alliance-like relationship finds its evidentiary basis in the various forms of cooperation that have grown up between China and Russia in the 1990s, and these are the subject of the comparative studies that follow. Comparing these categories of cooperation in the 1990s with their 1950s incarnations is the central analytic task of this paper; establishing the theoretical and critical basis for that task is the focus of the present chapter.

A. THEORETICAL APPROACHES TO THE RELATIONSHIP

"Realism," the theoretical framework which has dominated international security studies in the post-World War II era, was introduced by Hans Morgenthau in 1948 in his classic work, *Politics Among Nations: The Struggle for Power and Peace*.[1] In response to the failed idealism of the interwar years, Morgenthau and other members of the realist school argued that a drive for power animates international politics. Although "neo-realists" modified this argument to emphasize a quest for "security" rather than raw power, the basic orientation of international security studies in the post-World War II era had been set. In a Hobbesian international environment, national security was a function of military force and the "balance of power" among competing states in an international system; realism downplayed the importance of other influences on relations among states, arguing that it was the use of force or the potential use of force that was crucial to understanding how states behaved.

Among the factors supporting the longevity of realism as a dominant tradition in international relations theory was the example of political figures such as Richard Nixon and Henry Kissinger, whose *realpolitik* approaches to the practice of foreign affairs seemed to confirm the salience of realist precepts in the world of international diplomacy.[2] Most international relations courses at U.S. universities began with the basic elements of

the realist world view, and the growing field of "defense analysis" both inside and outside government tended to reinforce the realist emphasis on military force and the security of arms as the criteria by which international relations should be understood.

Scholars took different tacks within the realist framework, and one of the most well-known and influential variants of the basic realist paradigm was "structural realism." John Lewis Gaddis points out in a 1992 article[3] that the first major contribution to the structural explanation of international relations was Morton Kaplan's 1957 work, *System and Process in International Politics*,[4] in which Kaplan "identified six distinctive international systems, only two of which had actually existed in modern history." These were the pre-1914 "balance of power" system and the post-1945 "loose bipolar" system. The outlines of this systemic interpretation were widely accepted, for, as Gaddis points out, "multipolarity and bipolarity are real conditions in international affairs, despite the fact that no state's policies deliberately create them; it makes a difference which of these conditions prevails at any given time."[5] Most significantly for the study of Russo-Chinese relations, Kaplan also posited other potential systems which could arise in succession to the "loose bipolar" arrangement.

The structuralist school is most commonly associated with Kenneth Waltz and his 1979 book, *Theory of International Politics.*[6] As described by Paul Schroeder in a critical 1994 article, this "neo-realist" school argues that "the broad outcomes of international politics derive more from the structural constraints of the states system than from unit behavior."[7] In Waltz's influential interpretation of the international system, Russia and China may be seen as two large state units interacting within an international "balance of power" system.

The growth of the structural interpretation in international relations theory may also be seen reflected in a theoretical interpretation of Sino-Soviet relations which gained great popularity in the 1970s, the "strategic triangle." As Lowell Dittmer notes in his 1992 book, *Sino-Soviet Normalization and Its International Implications,* this

> most fecund line of analysis...fastens on the entrance of the other superpower, the United States, into the [Sino-Soviet] fray, thereby erecting a 'strategic triangle.' First to take this tack seems to have been the eminent Soviet scholar Donald Zagoria, followed by a spate of studies in the 1970s. The strategic triangle had its heyday, both as an analytic tool and as an operational policy, in the early to mid-1970s, when there was much talk of playing various "cards." Since that time, it has been abandoned as a policy (at least ostensibly) by all putative players and has come under fire as an analytic tool.[8]

Despite this critique, it would be hard to overestimate the influence which this structural interpretation has had on thinking about Sino-Russian relations in the U.S. national security community. The realist "triangle" model offers a persuasive explanation for the unusual alignment between China and the United States in the late 1970s and early 1980s. Critics of this approach might argue that this alignment was short-lived because it failed to meet the requirement for agreement on goals, values, and interests--internal state attributes--that characterize stable alliance relationships. However, at least for a time, a U.S.-Chinese strategic condominium was very much in place and aimed directly at countering the international activism of the Soviet Union.

To the extent that one credits the U.S.-China rapprochement with having placed intense pressure on Soviet foreign policy in the 1980s, the fading of this "special relationship" in the 1990s creates a worrisome trendline for the United States. The relative change in China's position from being an "ally of convenience" in the last decade of the Cold War to closer cooperation with Russia in the current period leaves an impression that U.S. stock in the international security environment has fallen. It seems to make little difference to many observers of Russo-Chinese cooperation that it may represent greater stability for Asia than did the decades of Sino-Soviet confrontation. The

fear is that these two Asian giants are realigning with one another in a classic "balance of power" move to counter the perceived "unipolar hegemony" of the United States.

In assessing the explanatory value of "realist" approaches to the Sino-Russian relationship, one must keep in mind that realist theory per se does not purport to offer predictions regarding bilateral relationships. Realists argue that many factors can influence the behavior of one state toward another, and although the international balance of power will tend to shape foreign policy in rational ways over time, any particular relationship at any particular time may be at great variance with the dictates of this power-centered model. However, realist concepts have informed the approach of most scholars and security analysts who have taken up the question of Sino-Russian relations and are therefore essential to a discussion of how these relations have been interpreted in the 1990s.

The two most important ideas that realism has contributed to the study of Sino-Russian relations over the past several decades are the concepts of "national interest" and the "strategic triangle." Determining the national interest perceived and pursued by a country's leaders is an important first step in understanding a country's international behavior. In the case of Sino-Russian relations, a strong argument can be made that the

decade-old rapprochement between the two sides has been the result of a recognition by both that better relations are in their common interest. Lowering the animosity that persisted for decades after the Sino-Soviet split has been mutually beneficial in a number of ways: a reduced military threat along their shared border, enormous cost-savings from the accompanying troop reductions, and an improved trade relationship are some examples. However beneficial this cooperation may be, though, it does not necessarily require any movement toward a strategic alignment or partnership.

Many observers see the requisite motivation for such an alignment in a revival of the "strategic triangle" described above. In its current iteration, this "triangle" is an implicit part of an argument that Russia and China are, in Nguyen's terms, "two continental powers unified by their real or imagined grievances against the West."[9] In the current instance, China and Russia are seen to be mobilized by the same realist imperative--balancing against a common hegemonic antagonist--as the United States and China were in balancing against the Soviet Union in the 1970s and 1980s. The difference, of course, is that the roles are now occupied by different actors, with the United States viewed as a post-Cold War hegemon intent on imposing its own designs on the international system.

The emergence of a new strategic environment in which Russia and China would necessarily seek to balance against the West in general and the United States in particular does not lack for detractors as a theory-based prediction. As cited by John Lewis Gaddis in his 1992 article on international relations theory, Stephen Rock has pointed out at least two important cases in which great powers have "bandwagoned" or sought accommodation with an emerging world power rather than "balancing" against it: the British abandonment of efforts to counter the rising power of the United States in the 1890s and the four decades of European peace that followed the unification of Germany in 1871.[10] There does not appear to be an historical imperative for existing great powers to balance against another that has gained apparent strategic advantage.

An argument that at least partially accounts for these two cases also presents additional criticism of the "balancing" scenario as a theoretical concept. As Ralph Cossa pointed out in a March 1997 lecture, states historically have formed alliances on the basis of three common attributes: shared interests, shared values, and shared objectives.[11] While the Sino-Russian relationship of the 1990s does arguably derive from shared national interests, Russia and China do not appear to share similar values, nor do they seem to have common geopolitical objectives. Beyond agreeing to limit or cooperate in

activities that could otherwise be deemed threatening, the two countries have very different sets of regional security interests. For example, Russia and China have separate and distinct interests regarding trade, arms sales, and territorial integrity with the surrounding states of East Asia, Central Asia, the Russian Far East, and the South China Sea littoral.

In his book, Rock presents a menu of attributes that make states less likely to confront one another militarily. As a litmus test of a Sino-Russian alliance's survivability, it suggests that the recent rapprochement between these two states should be considered with a healthy dose of skepticism. Rock points out that states whose geopolitical interests do not clash tend not to clash militarily (with the world's longest border and competing visions of their place in Asia, this condition clearly does not apply to Russia and China); that complementary economies discourage war (with overindustrialization in both countries and mismatched agricultural sectors, Russia and China have two of the world's least complementary large economies); that states resembling one another tend not to fight (in a 1994 article, Charles Zeigler highlights just how unalike Russia and East Asia are);[12] and that a cataclysmic event may be required to set the process of reconciliation in motion (this condition may apply: the startling collapse of the Soviet Union had not occurred

when the rapprochement began, but the event may have made further cooperation easier).[13]

In addition, the "national interest" of each of these two countries is not readily definable. If China's post-1949 history is any guide, domestic politics often intervene decisively in setting the course of foreign policy. The analyst who sets aside the influence of idiosyncratic leadership personalities in accounting for Soviet and Chinese foreign policy in the Maoist, Stalinist, or Khrushchev eras can hardly be said to have studied the subject in a thorough or realistic way.

This touches on a central element in the critique of realist theory, one that Stanley Hoffman states directly in response to a neo-realist preference for bipolarity over post-Soviet multipolarity:

> Structural factors do not cause or explain outcomes themselves. In anarchy, any structure can lead either to peace or to war; it depends on the domestic characteristics of the main actors, or their preferences and goals, as well as on the relations and links among them.[14]

It is also difficult to understand how Russia and China could be expected to work out the issue of "division of labor" within an alliance relationship. This was one of the fundamental weaknesses of the Sino-Soviet alliance in the 1950s, or at least one of the first to show itself clearly. Even if Russia were to manage such a turnaround in its current

fortunes that it again became a global power, this is far enough beyond the current horizon that China is just as likely as Russia to be a global power--and competitor--by that time. In the near term, China could hardly be expected to accept a "regional subaltern" role in some overarching Russian geostrategy: China is simply too proud of its own recent success for that. And, despite their troubles, Russia's leaders at present appear incapable of accepting a real strategic partnership in which Russia cannot portray itself convincingly as a senior partner.

Russian and Chinese leaders themselves have suggested on a number of occasions that they regard existing, confrontational models of alliance or partnership as outmoded. Commenting on discussions with the Chinese in July 1994, Russian Defense Minister Grachev said

> that he had discussed setting up an Asian-Pacific system of collective security with his Chinese counterpart. Grachev would only say that this system of collective security would not be the same as European structures....[15]

In fact, Grachev expanded on this theme during 1995 consultations with the Chinese, proposing a "Northeast Asian security system that would include Russia, the United States, China, Japan, North Korea, and South Korea."[16] Suisheng Zhao, discussing the Chinese strategic view of the international situation at the end of the Cold War, cites a

number of Chinese analysts who identify the goal of Chinese diplomacy as a multipolar system.[17] As Bonnie Glaser pointed out in 1996,

> I don't think anybody in Beijing is seriously considering any kind of strategic collaboration with Moscow against the U.S...Chinese interlocutors admit that close cooperation with Moscow is designed in part to get Washington's attention.[18]

Ambivalence regarding the formation of alliances reflects a theme in international relations theory that is outside the realist paradigm. Michael D. Wallace noted in 1979 that alliances rarely bring security: "most of the evidence seems to be against those who see military alliances as necessary to peace, and on the side of those who see them as a danger."[19] As historical evidence appears to demonstrate that alliances are not conducive to security, a trend away from such arrangements can be expected.

There has also been considerable criticism of the "strategic triangle" model as a tool for analyzing U.S.-China-Russia relations. The most obvious problem is that Russia is no longer the Soviet Union, and that it no longer has the same ideological and geostrategic imperatives, nor the resources to pursue them. Dittmer noted in 1992 that, even in its heyday, the triangular model was subject to challenges on at least two related counts: that the triangular relationship was not of strategic centrality to the world system, and that the distribution of power among the three sides was unequal.[20] At least two

other criticisms of this model appear applicable in the late 1990s. First, the orientation and focus of the Chinese and Russian military forces is predominantly internal, making them poor candidates for partnership in a competitive international security model. Second, by other measures of national security--such as economic ties--China's integration with the West is far stronger than with Russia. Although realist theory might dismiss economic relations as marginal or irrelevant to the real (i.e., military) security concerns of state governments, China and Russia have no illusions regarding the cogency of the relationship between economic performance and the security of the state.

The realist interpretation of international relations arose in response to the perceived failings of an earlier approach, the idealist school. While this school fell out of favor because of its association with the League of Nations and other failed efforts to reform the society of nations after World War I, many idealist concepts regained popularity with the collapse of antagonistic international structures at the end of the Cold War. For the purposes of this chapter, three characteristics of this "neo-idealism" or "neo-liberalism" seem particularly appropriate to consideration of the Russo-Chinese relationship.

First, idealism held that flawed international arrangements such as secret treaties and alliances were largely responsible for World War I. By making diplomacy an open and organized practice through such institutions as the League of Nations, it was hoped that the causes of war could be undone. In the United States, a reborn faith in the potential efficacy of international institutions accompanied the end of the Cold War, with U.S. presidents and others calling for greater activism by and reliance upon the United Nations. To adherents of this stream of idealism, persistent alliances in the post-Cold War world (such as NATO) are sometimes seen as die-hard remnants of a confrontational order. In this view, the prospect of a new alliance between China and Russia is a troubling indicator that the world is again slipping away from the promise of international peace and security.

Second, idealism in both its early and late twentieth-century variants may take either a system- or state-level approach. As the editors of *Classic Readings of International Relations* put it,

> There were, of course, differences of emphasis: where some idealists focused on the organization of the international system, others believed that the nature of states was crucial. Members of this latter group believed that democracies were inherently less aggressive and less likely to go to war than authoritarian states.

> This was perhaps best reflected in Wilson's "Fourteen Points." It is a belief, however, which finds many echoes in contemporary thinking.[21]

This belief, substantiated by considerable research, is also reflected in Michael Doyle's 1983 and later writings on "the democratic peace," which qualifies the finding of peacefulness among democracies with the caveat, "if only with other democracies."[22] The important application of this argument to the question of a Sino-Russian alliance is this: developments within a state may be as powerful an influence in determining a state's international behavior as its place within the international system.

Third, idealism holds that international relations depend largely upon advantages that states perceive in cooperating with other states in the international system, whether to achieve collective security or other goals. This aspect of the idealist interpretation raises at least two questions regarding Sino-Russian relations: How well have China and Russia realized their potential for mutual benefit; and has their pursuit of this benefit taken place in coordination with or at the expense of their broader international relationships? Subsequent chapters of this thesis will argue that cooperation has allowed for improvements in the overall relationship, which conduces in a general way to pacification of a formerly antagonistic and confrontational relationship. However, it is also argued that this cooperation has developed at the expense of the two states' potential for building broader,

more rational ties with the rest of the international community. This is especially evident in the continued reliance on communist bloc-style countertrade arrangements between the two states and in proclamations of a growing "security partnership" between the two sides in response to NATO expansion and the perception of U.S. "containment" around China's periphery.

How have these concepts contributed to the interpretation of Sino-Russian relations in the 1990s? First, alliances are widely viewed within the idealist tradition as an outmoded means of seeking national security. As has already been mentioned, there are strong indications that Russian and Chinese leaders share this view. Second, factors internal to states--whether social, political, or economic--can be powerful factors in a state's international behavior. This suggests that a policy of rapprochement between Russia and China may derive in large part from the perceived benefits of that rapprochement to internal groups, factions, or organizations *outside* the context of strategic considerations and national security policy. Third, Kantian cooperation might be easily mistaken for alliance-building if rapprochement is seen only through the lens of politico-military strategy. While these are largely normative findings and do not point to a

particular prediction for the Sino-Russian relationship, they are worth bearing in mind in considering the various types of cooperation discussed in this paper.

Cooperation among states is the subject of many case studies aimed at testing the applicability of realist and neo-idealist principles. In *Cooperation Among Nations: Europe, America, and Non-Tariff Barriers to Trade*, Joseph Grieco describes the basic distinction between the realist and neo-idealist (here termed "neo-liberal") schools on the issue of international cooperation:

> Neo-liberals argue that states find cooperation in mixed-interest situations difficult to achieve primarily because of fears of cheating, and they suggest that management of this cheating problem opens the way to successful joint action. Realists argue that states are inhibited about cooperation in such situations because of fears about cheating and, in addition, and in greater or lesser measure, because of fears about relative achievements of gains. From a realist viewpoint, if the problem either of cheating or of relative gains arises but is not resolved, cooperation is likely to fail.[23]

This paper does not represent a good test of these precepts because cooperation between two states is not the global, institutional cooperation that neo-idealists argue can provide assurances against cheating. However, the simpler question of how suspicions of cheating work to limit cooperation is clearly relevant to the prospects for continued growth in bilateral cooperation, and will be discussed in the conclusion of this paper, drawing relevant examples from the various forms of cooperation discussed herein.

Another school of thought on Sino-Soviet relations that emerged during the early years of the Cold War was ideologically-based. In this interpretation, communist ideology was first seen as a *systemic* force which bound the Soviet and Chinese states to one another, not only for purposes of national security but across all functions of a monolithic international communist movement. For a time, communist ideology did appear to serve as a powerful force binding these two states together, but its greatest usefulness to scholars as an explanatory factor came during the development and flourishing of the Sino-Soviet split from 1960 onward. In a reversal of its function in the 1950s as a factor guaranteeing the longevity of close strategic cooperation between the two sides, ideology was reinterpreted to serve as a causal factor yet again in the 1960s, this time as the fundamental source of growing enmity between the two sides. The two most often-cited examples of this reversal are the disagreement between the Chinese and Soviet party leaderships in the late 1950s over the communist movement's role in Third World revolution and the outright attacks, first against the Soviet Embassy in Beijing, then against Soviet territory, during the Cultural Revolution. At this point, ideological distinctions had become a dominant factor at the *state* level, making foes of erstwhile allies.

Ideology has also done service as an explanatory factor in theories seeking to explain Chinese and Russian territorial behavior vis-a-vis one another. Many authors have argued that Sino-Russian relations are best understood (even during the Soviet period) as a series of clashes between the Chinese and Russian national projects of territorial expansion. In his 1995 book, *The Difficult Border,* Alexei D. Voskressenski points out that Russian and Chinese social scientists and historians have sustained contradictory models of bilateral relations in which each side blames the voracious land hunger and duplicitous dealings of the other for the many conflicts between them. Each side assigns a hostile ideology to the other to explain the historical pattern of confrontation. It is only in the 1990s, he argues, that these neighbors have begun to "reject most of the ideological deformations and misunderstandings regarding their history that developed over the years."[24]

How does ideology work as an explanation of the 1990s relationship? The short answer appears to be that it cannot explain much. Most obviously, ideological affinity is not responsible for the perceived rise in Russo-Chinese security cooperation in the 1990s. There is a consensus that, barring a dramatic change in the political orientation of one or both states, any alignment that takes place will be on a non-ideological basis.[25] Russia's

rejection of the Marxist-Leninist political program, so painful for China to watch, should be sufficient to rule out the emergence of a shared ideology in the foreseeable future. Failing that, the lessons of their last attempt to subordinate differences to the imperative of a world revolutionary mission should hinder the growth of a shared vision. In assessing the prospects for relations with China, Russian analysts tend to speak, like their Western counterparts, about the limits of cooperation between states with fundamentally different orientations.

Some authors have argued that ideology played an important role in bringing the Soviet Union and China back together at the end of Soviet rule. Nguyen, for example, points out in a 1993 article that it was conservative communists in Moscow that pushed hardest at the close of the Soviet era for a strategic alliance with China.[26]

More importantly, it appears that--at least in terms of bilateral relations--the most significant ideological influence in both China and Russia in the 1990s is probably nationalism. This nationalist reawakening takes at least two forms in both countries: nationalism propagated by political leaders as a means of forging state unity; and "bottom-up" nationalism spontaneously generated through historical processes and deeply fixed in the minds of a nation's people, whether or not that "nation" exists as a state in the

modern world. At the level of political elites, the first form of nationalism was evoked by Deng Xiaoping during Gorbachev's 1989 visit to Beijing as a way of clearing accounts with the Soviet Union:

> Mao's Soviet policy, stripped of its relationship to the repudiated leftward shift of the late 1950s, would then benefit regime legitimacy by resonating with the powerful--and popular--currents of twentieth-century nationalism. Mao the nationalist, rather than Mao the Marxist ideologue, clearly served his successors' political need to associate their regime with the Communist Party's success in making China a respected global power. It was this aspect of Mao's Soviet policy to which Deng and his colleagues sought to make themselves heir in their meetings with Mikhail Gorbachev.[27]

In both China and Russia, this "twentieth-century nationalism" retains considerable force at the end of the century. In China, state-sponsored nationalism has found expression in such works as the popular 1995 book *China Can Say No,* an "ultra-nationalist bestseller" that calls for a xenophobic rejection of foreign influence and confrontation in response to U.S. pressure.[28] In Russia, a resurgent nationalism, freed from the political constraints required to maintain the Soviet Union's multinational empire, has emerged at the level of state politics. It has produced figures such as the ultra-nationalist Zhirinovsky and plays upon traditional themes of empire and grand destiny to mobilize citizens marginalized by the new Russia. While state-level nationalist politics

function differently in these two countries, it is most likely in both cases to cause friction, not amity, between them.

Popular nationalism is also problematic as a factor in Russo-Chinese relations because both countries' frontier regions are largely populated by the same minority peoples. The extensive lands occupied by these minorities represent a potential source of conflict between Russia and China, since these two overland empires appear not to share a unified or cooperative strategy for dealing with nationalist insurgencies in their abutting territories. For example, there are ongoing efforts by Uigur nationalists--involving strategies ranging from terrorism to the formation of pan-Uigur political organizations--to establish an independent state comprising areas of western China and Asian Russia. This nationalist activism has obvious implications for Chinese and Russian security, not least because of the potential for violations of territorial sovereignty as the states attempt to independently quash a transnational phenomenon.

B. DIRECT EVIDENCE: DECLARATIONS CONCERNING THE RELATIONSHIP

If international relations theory does not offer convincing arguments about the future of Sino-Russian security cooperation, the next field of inquiry would logically be assertions by the leaders of the two countries regarding the relationship. What evidence is

there in the verbal or written statements of Chinese and Russian leaders that an alliance may be in the cards? Is there a commonality in the views expressed by the two sides regarding the prospects for an alliance?

The simple answer appears to be that such direct evidence does not support the hypothesis of an emerging bilateral alliance. The texts of formal agreements between the two sides are not helpful, since every major bilateral agreement that might yield real insight into the level of strategic cooperation obtaining between the two sides has been kept secret. For example, S.C.M. Paine points out in her 1995 book, *Imperial Rivals*, that the border agreement signed between China and Russia in 1991, perhaps the most important document on territorial relations ever signed by the two countries, is treated by both governments as a state secret:

> Although the Chinese are currently in the process of negotiating boundary protocols with the bordering former Soviet republics as well as with Russia itself, the contents of these agreements have remained secret, so it is unclear to outsiders whether the key territorial disputes have actually been resolved or whether both sides simply want to give that impression to the rest of the world.[29]

Post-summit declarations are similarly obscure, confirming no more than mutual commitments not to target each other with strategic nuclear weapons, to pursue exchange and cooperation "not targeted against any third country," and to reduce the numbers of

troops on both sides of the common border.[30] Such security assurances and confidence-building measures are not only a meager basis for any assertion of alliance building; they also mirror in part arrangements that both countries have also made with the United States.

Informal assertions of a possible alignment between the two sides are seen more frequently, but they also frequently take the form of unreciprocated overtures. High-level visits have been the usual background for these overtures, beginning as early as 1990 when Soviet Defense Minister Yazov reportedly "suggested that China and the Soviet Union should enter into a strategic partnership against the West."[31] Chinese Foreign Minister Qian Qichen reportedly observed in late 1992 that the current state of Sino-Russian relations "rules out confrontation and at the same time does not rule out an alliance."[32] Russian Foreign Minister Grachev, referring to the planned expansion of NATO, recently observed that "if NATO goes east, we will go east too," an obvious assertion that Russia "could use China as a counterbalance."[33]

While they may appear to represent evidence of willingness on both sides to work toward an alliance-like relationship, these remarks should be viewed in their proper context. First, these assertions are generally unilateral in nature, and are rarely expressed

as a common goal. When they are described as a mutual undertaking--as in a summit communique--they typically refer to a "security partnership," a term that Yeltsin also used at a March 1997 summit with President Clinton to refer to the U.S.-Russian relationship. Second, a close reading of Russian press accounts dealing with Yeltsin's visits to Beijing reveals a distinct pattern, at least prior to 1996: while the Russian leader has invariably brought with him proposals of greater security cooperation, these have typically been received with indifference by Chinese authorities. For example, during his December 1992 visit to China, Yeltsin reportedly broached the idea of a nonaggression pact between the two countries. The Chinese responded that their "current diplomatic practice rules out the signing of such far-reaching agreements." The two sides compromised on a much weaker and less binding declaration.[34] The 1996 Yeltsin-Jiang summit in Beijing did result in mutual recognition of a security partnership between the two countries but, as already noted, this is the same term that Moscow uses for its security relations with Washington.

All of this suggests most strongly that representations of a Sino-Russian "security partnership" are actually most useful to the two sides as a form of propaganda directed at a third party, the United States. It allows Russia and China to "play" one another as a geostrategic "card" against Washington, but this does not mean that the two are actually

moving toward an alliance. Russia may well hope that, as NATO expands toward Russia's western borders, the appearance of growing Russian security cooperation with China will be seen in Washington as a sign that the West's expansion of Cold War institutions is not without costs. From China's perspective, a perceived effort by the United States to "contain" the PRC can best be answered with a demonstration that Beijing has its own worrisome options.

Perhaps the strongest argument that neither Moscow or Beijing is serious about a military alliance with the other is that foreign policy-making in both capitals is subject to powerful contradictory influences. This was stated succinctly for the Russian case by Eugene and Natasha Bazhanov in a January 1994 article:

> Russia frowned at the Chinese 1993 nuclear test , and while it stepped up its sale of conventional weapons (e.g., fighter planes, tanks) to China, the Kremlin paid more attention to complaints from various quarters and pledged "not to allow things to go back to the old days when the U.S. armed Taiwan and Russia armed the PRC." And Russia determined not to allow itself to be drawn into any kind of alliance with China, but this posed no problems as the Chinese did not want to jeopardize relations with other countries by moving too close to Moscow.[35]

For the foreseeable future, Russian foreign policy will continue to be the product of many varied political perspectives, probably preventing it from becoming overly committed to and entangled with China. Although its foreign policy-making process is not subject to

the same levels of internal dissension and press criticism as in Russia, Beijing too has varied interests, many of which it is probably not willing to sacrifice for the questionable return on a security pact with Moscow.

C. ANALYTIC ASSESSMENTS OF THE RELATIONSHIP

In the absence of a sound theoretical or authoritative empirical basis for asserting that a Russo-Chinese alliance is emerging, what have security analysts had to say about the relationship and on what basis have they offered assessments of the relationship's development? In the early 1990s, especially in the aftermath of the Soviet Union's collapse, a number of analyses posited the emergence of a multipolar world system to replace the bipolar system of the previous forty years. As Suisheng Zhao put it,

> it may be asserted that because the multipolar system is its goal, Beijing 'perceives' it. Beijing has in fact perceived a unipolar reality in the post-Cold War era and has accommodated to it while also working hard to keep open all options and to encourage multipolarity.[36]

In this country, predictions of a multipolar system were offered to some extent as a corrective to self-congratulatory declarations of victory in the Cold War. Events also contributed to a sense that the unipolar crown to which the United States fell heir in 1991 would not rest long or easily upon her head. NATO, the country's most important overseas military commitment, was suddenly a security organization in search of a threat.

Portrayals of Japan as the rising power of the next century placed the future of U.S. economic pre-eminence in doubt. And resistance in many quarters to a U.S. role as policeman of the "new world order" appeared to point to a future in which the United States would be just one player among many.

During the first years of the 1990s, as security analysts sought to regain their footing in a reordered international environment, the Sino-Russian relationship was generally viewed as a continuation of the gradual warming seen over the last years of the Sino-Soviet relationship. In year-end assessments of the bilateral relationship in 1992 and 1993, the Bazhanovs discussed increasing trade in military technology, strengthening economic ties, and improvements in territorial issues as aspects of the relationship distinct from the possibility for strategic cooperation.[37]

Shortly thereafter, however, two themes began to emerge that have characterized scholarship on the Sino-Russian relationship ever since. The first, exemplified by Nguyen's March 1993 article, "Russia and China: The Genesis of an Eastern Rapallo,"[38] argued that China and Russia were made natural allies by Russia's reversals in Europe and China's perception of U.S. pressure in Asia. Although borrowing its model from an earlier period in the century, this argument appears to owe a great deal to the same realist

"balance of power" model that informed "triangular" thinking in the 1970s and later. The second theme was an increasing analytic emphasis on the significance of cooperation between Russia and China in various fields. For example, in year-end surveys of Russia's activities in Asia for 1994 and 1995, Tsuneo Akaha highlighted economic relations, military technology, and progress on territorial issues as the central pillars of the relationship. In the latter survey, Akaha explicitly related these areas of cooperation to the future of the strategic relationship, noting that disputes over territory and trade were, at least for the time being, retarding the progress of the "security partnership."[39]

Many analyses have related progress in these three facets of the bilateral relationship to the prospects for alliance-building. A 1994 article by Gerald Segal on Chinese regionalism draws the connection between cooperation and security relations as early as the 1980s: "Well before the Soviet Union collapsed, Sino-Soviet economic relations were leading a developing detente."[40] In a December 1994 article, Sheldon Simon found evidence for a potential alliance in both territorial and military technology cooperation, arguing that China might be

> moving toward a new, nonideological alliance with Russia - a process that may already have begun as the two countries have recently negotiated a treaty that sharply limits the number of troops stationed along their extensive frontier. The two have also signed a five-year military cooperation

agreement paving the way for the transfer of military technology to the PRC.[41]

Cooperative treaties and agreements between the two sides are treated as independent variables in many analyses, driving the relationship forward toward strategic alignment. A May 1996 *Far Eastern Economic Review* analysis argued that "the score of agreements that were to be inked during Yeltsin's late April [1996] China tour lay the groundwork for cooperation between China and Russia in a wide range of areas, cooperation that could one day result in a shift in Asia's strategic balance."[42] Even Nguyen's previously cited article relates "steady movement toward a strategic alliance" in the late Soviet period to "military cooperation ranging from arms sales and sharing arms technology to coproduction of military hardware."[43]

The high tide in mutual cooperation claims has not subsided significantly through the mid-1990s, and analyses that find correlates of alliance-building in various forms of bilateral cooperation remain plentiful, even predominant, in the literature. It is natural for observers to acknowledge claims by both sides to a "strategic partnership," and to seek evidence for that partnership where it may be found in the overt channels of cooperation. Responsible analyses must take account of indications that a future challenge to the strategic balance in Asia is developing.

What is not precisely defined in these analyses, however, is the mechanism by which the strategic relationship is advanced toward alliance by cooperation in arms technology, economic affairs, and greater territorial cooperation. It is the thesis of this paper that such a mechanism does not exist, and that cooperative relations--if closely studied and placed in an historical context--turn out to be no more than mutually beneficial cooperation between two states with no real proclivity toward alliance-building. The evidence for this thesis is taken up in the next three chapters.

Notes

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[2] In a 1992 article, "Is Realism Finished?" (*The National Interest*, Winter 1992/93, p. 21), Fareed Zakaria argues that the association of such figures as Nixon and Kissinger with the "realist" school contributed to its disparagement in the immediate post-cold war era.

[3] Gaddis, John Lewis, "International Relations Theory and the End of the Cold War," in *The Cold War and After: Prospects for Peace*, Cambridge: MIT Press, 1994.

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[8] Dittmer, Lowell, *Sino-Soviet Normalization and Its International Implications*, Seattle: University of Washington, 1992, pp. 8-9.

[9] Nguyen, Hung P., "Russia and China: Genesis of an Eastern Rapallo?" in *Asian Survey*, Vol. 33, No. 3, March 1993, p. 286.

[10] Rock, Stephen R., *Why Peace Breaks Out: Great Power Rapprochement in Historical Perspective* (Chapel Hill: University of North Carolina Press, 1989), cited in Gaddis, *op. cit.*, p. 359.

[11] Lecture at Naval Postgraduate School, March 1997.

[12] Zeigler, Charles E., "Russia in the Asia-Pacific: A Major Power or Minor Participant?" in *Asian Survey*, Vol. 34, No. 6, June 1994, p. 542.

[13] Described in Gaddis, *op. cit.*, p. 360.

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[25] Simon, Sheldon W., "East Asian Security: The Playing Field Has Changed," in *Asian Survey*, Vol. 34, No. 12, December 1994, p. 1053.

[26] Nguyen, *op. cit.*, pp. 294-295.

[27] Goldstein, Steven M., "Nationalism and Internationalism: Sino-Soviet Relations," in *Chinese Foreign Policy: Theory and Practice*, Thomas W. Robinson and David Shambaugh, eds., Oxford: Clarendon University Press, 1994, p. 225.

[28] Forney, Matt, "Patriot Games," in *Far Eastern Economic Review*, 3 October 1996, p. 24. The book, *China Can Say No,* was published in Beijing in May 1996. Its authors are Zhang Zangzang, Tang Zhengyu, Song Qiang, Qiao Bian, and Gu Qingsheng, all freelance writers and journalists.

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[30] See "Full Text' of Sino-Russian Joint Statement," in Foreign Broadcast Information Service (CHI), 6 September 1994.

[31] Nguyen, *op. cit.*, p. 295.

[32] *Ibid,* p. 301.

[33] Forney and Chanda, *loc. cit.*.

[34] *Current Digest of the Post-Soviet Press*, January 20, 1993, Vol. 44, No. 51, p. 13.

[35] Bazhanov, Eugene and Natasha, "Russia and China in 1993," in *Asian Survey*, Vol. 34, No. 1, January 1994, p. 91.

[36] Zhao, *loc. cit.*.

[37] Bazhanov, Eugene and Natasha, "Russia and Asia in 1992" in *Asian Survey*, Vol. 33, No. 1, January 1993, pp. 91-102 and Bazhanov, "Russia and China in 1993," pp. 88-99.

[38] Nguyen, *loc cit.*.

[39] Akaha, "Russia and Asia in 1994," in *Asian Survey*, Vol. 35, No. 1, January 1995, pp.101-103, and Akaha, "Russia and Asia in 1995," pp. 105-107, respectively.

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[42] Forney and Chanda, *loc. cit.*.

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III. COOPERATION IN DEFENSE TECHNOLOGY

This chapter is a comparative study of Soviet cooperation in defense technology with China in the 1950s and Russo-Chinese defense technology cooperation after the dissolution of the Soviet Union in 1991. It finds that the present cooperative relationship is neither indicative of or conducive to a nascent security alliance between the two countries; indeed, parallels with the dynamics of cooperative relations in the 1950s strongly suggest that current technology cooperation may soon run up against its inherent limits.

This chapter first examines Sino-Soviet defense technology exchange in the 1950s from an historical perspective, establishing the parameters of the exchange relationship as it developed from the Korean War era to the withdrawal of Soviet military assistance in 1960. In the course of describing the developments, events, and technologies of the 1950s relationship, certain key features are highlighted which are particularly appropriate to comparative analysis in the context of post-Soviet developments. Before examining the post-Soviet period, the interim period of the 1960s, 1970s, and 1980s is reviewed, primarily for the purpose of maintaining continuity in a longitudinal comparative study but

also to provide necessary background for the takeoff of defense technology cooperation in the 1990s.

At least with respect to sales and potential sales of weapon systems to China by Russian interests, the exchange relationship of the 1990s is richly documented. Of greater relevance to this study than the volumes and types of weapons involved, however, are the discernible outlines of the relationship as a form of intergovernmental cooperation. In order to examine this broad, basic question about the exchange relationship, cooperation between the two sides is examined across a set of factors affecting its prospects:

- factors favoring, promoting, or allowing for further cooperation;
- factors unfavorable to or limiting such cooperation; and
- areas of debate over whether the outlook for the relationship is positive or negative.

Following this assessment of the exchange relationship in the 1990s, the chapter concludes with an analysis of comparable characteristics for the 1950s and 1990s relationships. These characteristics are assessed with reference to the central questions of this thesis: is Russo-Chinese cooperation durable, and is it conducive to the formation of a bilateral alliance? The oceans of ink spilt over the last five years seeking to establish a link between Russian arms sales and the possibility of an alliance with China make this

limited area of inquiry a legitimate one for seeking at least partial confirmation or rejection of the alliance hypothesis.[1]

A. THE 1950S RELATIONSHIP: DEFENSE COOPERATION ON A MASSIVE SCALE

"...the most comprehensive technology transfer in modern industrial history"[2]

In discussing Soviet defense technology cooperation with China during the 1950s, it is important to recognize that this cooperation was not entirely new in the history of Sino-Soviet relations in the 20th century. Within the framework of the Communist International (Comintern) organization, the Soviet Union had provided military aid to the Chinese Nationalists--rivals of the Chinese Communists since the 1920s--for decades as part of a policy of support to "national bourgeois" movements. This assistance, along with the tactical decisions of Soviet advisors that contributed to the Shanghai massacre of Chinese communists in 1927,[3] laid the groundwork for latent resentment by the victorious Chinese communists in 1949. However, as James C. Bowden observes in an article on Soviet military aid to the Nationalists, this earlier aid relationship served Soviet national interests at the time, not least because of the favorable terms of payment that the Soviet Union was able to establish.[4] During the first year of the subsequent Soviet-PRC relationship--that is, before Chinese entry into the Korean war--the USSR provided the

new Chinese government with older, generally outmoded Soviet and Japanese equipment that remained in the Chinese theater of operations following World War II. A number of authors point out that this marginally useful assistance reflected a pattern of ambivalence in the overall relationship: while costing the Soviets almost nothing, the obsolete weapons did serve a symbolically useful function as a gesture of fraternal benevolence.[5]

Raymond Garthoff, in an article on Sino-Soviet military relations during the first two decades after the end of World War II, notes that China's entry into the Korean War was the starting point for transfers of modern Soviet weapons to the Chinese. One of the most important characteristics of the arms transfer arrangements between the two countries during this period, Garthoff argues, was that the Chinese were compelled to purchase Soviet arms at considerable cost, especially to a Chinese economy in the midst of reconstruction.[6] Such arrangements were to allow the Soviet Union to maintain a certain degree of control over Chinese defense technology throughout the 1950s. As Garthoff states:

> The Russians could not directly prevent the Chinese Communists from building their own military industry, but they could withhold their assistance while arguing that it was more economical to buy Soviet-produced weapons. And, by saddling them with outlays as heavy as they could bear, the Russians further held back the Chinese from building an independent military establishment.[7]

However, it is also true that production capability *was* transferred to China by the Soviet Union in the early 1950s:

> The modernization and mechanization of the Chinese armed forces continued after the armistice of July 27, 1953, which ended the war. The Chinese produced heavy artillery and tanks copied from Soviet models, and later began producing MiGs under Soviet license, whilst the small Chinese navy was equipped with submarines, at first supplied by the USSR and later produced in China.[8]

The defense technology assistance which the Soviet Union provided China in the Korean War era is generally regarded as a crucial ingredient in the Stalinist formula of using China as a proxy to confront the United States, as described in the recent book by Goncharov, Lewis, and Xue, *Uncertain Partners: Stalin, Mao, and the Korean War.*[9] These authors--and Harry Schwartz in his previously cited work--argue that the heavy sacrifices undertaken by the Chinese in this war effort were made particularly onerous by the increasing dependency on expensive Russian military support which these sacrifices entailed; Soviet demands for repayment of wartime loans were particularly irksome when China saw itself as having fought alone in Korea on behalf of the international socialist movement.

It can be argued that the post-war period saw the overall defense technology relationship moving from a one-sided aid program to greater actual cooperation as defense

technology began to flow to the Soviet Union from China. Garthoff notes that top Chinese atomic specialists were employed at the atomic research center at Dubna on behalf of the Soviet nuclear program until 1965.[10] As already mentioned, "Moscow's position was that China could have what it paid for"[11] in terms of defense technology. This mercantilist stance expanded to the overall economic relationship between the two countries, as the Soviets not only reduced their exports to the Chinese in favor of Eastern Europe after the mid-1950s but at the same time kept pressure on the Chinese to repay previous Soviet loans through increased exports. The Chinese were thus indirectly providing the Soviet Union with some of the resources it needed to meet its increased commitments in Eastern Europe.[12] Finally, Lewis and Xue point out in *China Builds the Bomb* that "the Chinese were major suppliers of both lithium and beryllium to the Soviet Union" in addition to operating uranium mines on behalf of the Soviet nuclear program.[13]

Looking at the conventional weapons technologies involved in the Soviet assistance program at its height in the mid-1950s, Garthoff suggests that the flow of modern Soviet weapons actually began to taper off during this period, partly because target strength levels had been reattained by the Chinese in the wake of Korean War losses, but also because Chinese production capabilities were maturing. For example, the

first Chinese-manufactured jet fighters were flown in September 1956.[14] During this period of close cooperation, such Chinese capabilities were seen on both sides as contributing to overall Soviet bloc strength. By the mid-1950s, Garthoff notes, the Soviet "military mission in Beijing turned to problems of production facilities in more modern armaments."[15] As Khrushchev would later complain with reference to Chinese disgruntlement over not receiving its promised prototype of an atomic bomb:

> All the modern weaponry in China's arsenal at the time was Soviet-made or copied [from the Soviet Union]. We'd given them tanks, artillery, aircraft, naval, and infantry weapons. Virtually our entire defense industry had been at their disposal."[16]

During this period, the authors of *China and the Soviet Union* point out, a "joint commission of Soviet and Chinese technicians and scientists would meet at least twice a year to discuss Soviet technical aid to China."[17] In addition, an April 1956 agreement to build 55 new factories in China based on Soviet technology brought to over 200 the number of such cooperative ventures, many in dual-use (i.e., military and civilian) technologies.

Turning to Sino-Soviet cooperation in nuclear technology during this period, there were both open and secret covenants on nuclear exchange. A 1955 agreement outlined a program of cooperation in fissile materials, equipment, training and experimental reactors

that was geared to the establishment of a nuclear industry in China.[18] As already noted, a material quid-pro-quo involving Chinese mineral resources was an essential if unpublicized aspect of this agreement. In a secret "New Defense Technical Accord," dated October 15, 1957, the Soviet Union promised to provide China with the requisite technology to produce an atomic bomb as well as a prototype device and nuclear missile technology.[19] This agreement proved to be chiefly significant for its abrogation less than two years later. Khrushchev describes the Soviet decision to renege on its commitment in a highly dramatic fashion:

> [Soviet] specialists suggested we give the Chinese a prototype of the atomic bomb...They put the thing together and packed it up, so it was ready to send to China. At that point our minister in charge of nuclear weapons reported to me. He knew our relations with China had deteriorated hopelessly...In the end we decided to postpone sending them the prototype.[20]

This famous episode in Sino-Soviet relations is particularly interesting from the perspective of defense technology cooperation, for many of the factors that affected the decision to provide the atomic bomb to China and the subsequent Soviet repudiation of the decision are relevant to the patterns of technology exchange in the 1990s, as I will demonstrate at the end of this paper. For now, it is necessary only to examine--as many authors have done--the Soviet rationale for first offering, then not providing the weapon.

Why did the Soviet leadership agree to provide the Chinese with an atomic bomb? First, as argued by Lewis and Xue, the Soviet Union had reason to be confident that the Chinese were following the Soviet military's doctrinal shifts toward an emphasis on the possibility of a nuclear conflict with the United States.[21] Furthermore, they argue,

> The parallel developments in Sino-Soviet doctrines reflected another reality, the growing cooperation between the Soviet and Chinese military establishments, and the broader Chinese campaign to learn from the Soviet Union. The toll of the Korean War provided the fundamental motivation for that cooperation. The convergence and articulation of security interests between the two Communist powers in turn profoundly influenced the Kremlin's decisions to support the Chinese nuclear program.[22]

At the same time, they note, the Chinese Academy of Sciences was becoming thoroughly integrated into the Soviet military scientific and technical system, reinforcing the doctrinal convergence described above.[23]

Second, it is frequently pointed out that Soviet Politburo politics made Khrushchev--engaged during this period in a struggle from which he would emerge as paramount Soviet leader--anxious to secure Chinese support within the international communist movement, especially in light of the 1956 turmoil in Eastern Europe. At least one Chinese involved in his country's nuclear program at the time suggests that

Khrushchev became "more flexible on the matter of giving sophisticated technical aid to China" at just this time.[24] As Alice Hsieh suggests, the 1957 struggle within the Soviet Party Presidium may have made it necessary to appease a pro-China faction within the Soviet leadership for a time.[25]

Third, Lewis and Xue argue, the Chinese believed that the importance of their contributions to the Soviet nuclear program placed pressure on Moscow to reciprocate with nuclear weapon technology: "For example, further advances in the Soviet nuclear program depended on obtaining uranium ores from China, and to get those ores the Soviets, in the winter of 1955-56, had pledged unofficially to provide China with full-scale assistance."[26]

Why, then, did the Soviets repudiate this agreement? Of course, many of the circumstances under which the offer of nuclear weapon technology was originally made had changed within a matter of months. For example, the crisis in Eastern Europe and Khrushchev's vulnerability within the Politburo had diminished considerably. More generally, it appears that the Soviet leadership had come to the conclusion that the benefits of fulfilling this agreement were far too potentially costly to Russia's national security. For example, in the formal notification issued to the Chinese Party's Central Committee in

mid-1959, the Soviet Party cited the current negotiations on a test ban in Geneva in explaining why it would not supply the bomb or relevant technical data.[27] In fact, Khrushchev's desire for better relations with Washington and his proposal of an Asian nuclear free zone are seen as signs that Khrushchev was looking for ways to step back from confrontation with the United States, possibly at Chinese expense.[28]

Another possible factor in the Soviet decision was a recognition that the earlier perceived convergence of Chinese and Soviet doctrine had turned out to be a mirage. Soviet proposals of a joint naval command and air defense system had been rejected by the Chinese,[29] as had proposals for a Soviet radio station on Chinese soil for communicating with Soviet submarines in the Pacific.[30] Some Western authors suggest that the two sides also had a falling-out over command and control arrangements for nuclear weapons which the Soviet Union had proposed placing on Chinese soil.[31]

Another possible explanation is that a shift occurred in Soviet thinking about the relationship with China at about this time. As the need for Chinese support receded in the Soviet calculus, serious concerns about the dangers of strategic cooperation with the Chinese came to the fore. There was a growing concern about the "bellicose tendencies of China's foreign policy."[32] On a practical level, Garthoff points out, "Soviet leaders in the

latter half of the 1950s were torn between wishing to improve relations with China and seeking to prevent Chinese acquisition of nuclear and other advanced weapons."[33] Schwartz notes that in 1963 when the Soviets responded to Chinese accusations of duplicity in promising but failing to deliver nuclear weapons technology, they adopted both implicit and explicit lines of argument. The implicit line clearly involved fears that the Chinese might use the bomb against the Soviet Union or to initiate a general conflagration. The explicit line invoked a number of arguments against Chinese acquisition of nuclear weapons: the undesireability of nuclear proliferation, China's inability to produce "safe" stockpiles, China's need to develop its economy first, and an argument that China should rely on the Soviet Union's nuclear umbrella.[34]

In any event, Sino-Soviet cooperation in defense technology--both conventional and nuclear--was dead by the summer of 1960. In a "drastic, sudden, and virtually complete" cessation of all technical aid,[35] Soviet technicians were withdrawn from China *en masse*. This withdrawal was both preceded and accompanied by a programmatic denial of technical information aimed, in the Chinese view, at maintaining "a considerable gap between China and the Soviet Union in scientific research on the development of new

types of weapons and military equipment."[36] The Soviet Union would not again share its weapon systems technologies with China for another 30 years.

B. THE INTERIM PERIOD (1960-1990)

In the absence of Soviet aid over the next three decades, the Chinese defense industry did not, of course, languish in inactivity. Despite its relative isolation, the Chinese military-industrial complex remained dynamic and innovative. Part of its ability to survive and develop through the disastrous effects of the Great Leap Forward and the Cultural Revolution was its massive size and differentiation: perhaps part of the legacy of the decade of Soviet aid in the 1950s was the development of an industrial economy that, despite China's poverty, was complete, producing a full range of industrial goods. This extended to defense technology, where China fulfilled its own requirements and met international market requirements for many types of weaponry, although certainly not in either case at an optimal level from the perspective of Chinese interests.

Still, in the absence of an exchange relationship with the Soviet Union, China's defense technology certainly suffered. First, there were the galling developments that accompanied the end of cooperation with Moscow: the Soviet Union, after denying MiG-21 technology to the Chinese, provided India--China's *bete noire* in the early

1960s--with a MiG-21 factory. Also during this period, the Soviet Union sold cruisers, TU-16 bombers, and missiles to another of China's regional neighbors, Indonesia.[37] Second, as already noted, Chinese economic and political campaigns took a heavy toll on the performance of its defense industry. During the 1960s, China pursued a "People's War" doctrine that called for "luring the enemy deep" within China, where "Third Line" defense industries in remote parts of the country would provide the decisive advantage to guerrilla forces, reprising the Chinese Communists' successful war of liberation. In practice, writes Carol Lee Hamrin, this ill-advised program "required an enormous expenditure of political and financial capital. In retrospect, it could be seen as detrimental to both security and development goals."[38] Unlike the Soviet Union, which some would argue was a middling economy progressively impoverished by its military build-up, China has been throughout virtually its entire history an exceptionally poor country in which autarkic development strategies effectively short-circuited economic development, this despite technological progress that was in some fields consonant with world standards.

There is considerable evidence to the effect that, despite the cessation of Soviet defense technology cooperation in 1960, there remained in China's large defense establishment numerous factors and influences favorable to a renewal of the inactive

relationship. As Harold Hinton wrote in the 1960s at the height of Sino-Soviet hostility: "Some elements of the Chinese military, possibly to the displeasure of their civilian colleagues, might be interested in obtaining spare parts for military equipment, particularly jet fighters that had been acquired from the Soviet Union in earlier years."[39]

More significantly, China was at the same time acquiring some Soviet weapon systems (for example, the MiG-21) from other Soviet arms customers. This practice allowed for the development of many Chinese systems that were closely related in whole or in part to contemporary Soviet arms technology. As Edmond Dantes observes in a 1992 article on the People's Liberation Army Air Force (PLAAF): "The PLA, having stopped procuring Russian military hardware since the Sino-Soviet rift in the early 1960s, has nevertheless continued reverse engineering Russian weapons which it has been procuring clandestinely from Egypt, Syria, Libya, Iraq, and now Iran, and is therefore well-positioned to induct the newer Russian weapons that it is scheduled to procure in the near future."[40] It must be noted that technical upgrades to a basic MiG-21 airframe, such as advanced avionics, can elevate its performance to fairly current levels. However, despite Chinese procurement of systems from many countries for integration into its

MiG-21-derived and indigenous aircraft designs, its own capacity for developing such advanced subsystems remained weak from 1960 to 1990.

Preconditions for the renewal of defense technology cooperation on the Chinese side included the ascension of Deng Xiaoping, who as early as the mid-1970s identified China's primary national goal as modernization, highlighting defense modernization as one of the four essential elements of his development plan. Even though the military aspects of the modernization process were pursued at a lower priority than the agricultural and industrial aspects, the inclusion of defense as a national focus for modernization saw immediate results in the openness with which Chinese specialists "went shopping" for modern technology in the West. Although not as well-publicized, Bin Yu has pointed out that there was a growing Soviet component in the Chinese defense procurement program during the 1980s: "Even without official relations between the two military forces, China reportedly bought arms worth U.S. $310 million from the Soviets between 1982 and 1986, almost four times the amount spent on arms purchases from the U.S."[41]

Finally, it should be pointed out that military technology has been characterized by some scholars as a major avenue of rapprochement between the Chinese and Soviets in the

late 1980s. As Hung P. Nguyen argues in a retrospective on the growth of Sino-Soviet cooperation during this period:

> After the 28th Party Congress, Soviet policy toward China became more and more a reflection of the rearguard battle by Gorbachev and Shevardnadze to beat back and slow down the steady movement toward a strategic alliance with China instigated by conservative opponents. Even before the Congress, Sino-Soviet relations had taken a disturbing turn in the direction of closer military cooperation...By September 1990 negotiations were underway for the sale to China of advanced Soviet aircraft such as the SU-27 Flanker.[42]

In fact, the purchase of 26 Su-27s in 1992 is one of the few Sino-Russian arms deals that have actually come to fruition in the post-Soviet period (See Table 3.1). This point is important to bear in mind when assessing the significance of defense technology cooperation as a reflection of progress toward a security alliance. Great interest has been generated within the security community by proposed (or rumored) high-technology arms transfers to China from Russia, including aircraft carriers and all types of fighter planes. These Sino-Russian "deals" have so far produced far more discussion in the West than actual movement by the principals. This suggests that the "burgeoning alliance" to which these deals are tied in cause-and-effect relationships may in fact be similarly insubstantial.

Table 3.1: The PLA's Purchases from Russia in the Post-Soviet Era[43] (From Ron Montaperto, "China as a Military Power," in *National Defense University Strategic Forum,* No. 56, December 1995, p. 3.)

Aircraft	Su-27	Bought 26 in 1992, with up to 25 more to follow
	Ilyushin Transports	Purchased 10
Naval	Kilo-Class Submarines	Imported one in 1995, at least three more on order
Missiles	Air Defense	Imported the S-300 air defense system (about 100 missiles) in 1993

An even less knowable value, but one still deserving of consideration, is the extent to which Russian defense technology is being shared outside official or semiofficial channels. Russian press reports from the first half of the 1990s have decried the siphoning off by China of top scientists from Russian defense research institutes. In some cases, Chinese employment of Russian specialists is alleged to involve electronic transfer of technical data from the desktop computers of scientists still working at Russian institutes.[44] Although this gray- or black-market trade in Russian defense technology is impossible to gauge accurately--and, as unofficial trade, is beyond the scope of this paper--it is easy to see that no more than a few well-placed scientists could, within a very short time, raise the level of Chinese defense technology to equal Russia's. In any case, such exchanges are

likely to undermine rather than support the development of governmental security cooperation.

C. COOPERATION IN THE 1990'S: POSITIVE FACTORS

Turning now to the defense technology exchange relationship of the 1990s, it is clear that many factors support the continuation and development of cooperation in this field. First among these is China's primary practical motivation: by upgrading its weapon systems to world standards, it dramatically improves its national security posture. As Sheldon Simon pointed out in a 1994 essay, the PLAAF has, by dint of acquiring modern Russian aircraft, "leaped two generations. When these forces become operational, China will be able to dominate the airspace over the South China Sea against any of the littoral states."[45] Put somewhat more broadly by Bin Yu in a 1993 essay, Sino-Russian military cooperation offers enormous potential "for the PLA to elevate significantly its defense and projection capabilities."[46]

An important aspect of this upgrading process is that transfers of complete Russian weapon systems such as the Su-27 represent many subsystems, technology from each of which is applicable--and applied--by the Chinese to many different planes in the PLAAF inventory. These fleet-wide improvements also, of course, make Chinese weapons

incorporating these advanced technologies more attractive and competitive on the world arms market. Economically, it may also allow China to partially meet the development challenge of moving from being a net technology importer to technology exporter status, at least in military goods. This transition, however, is not likely to occur in the immediate term, if it occurs at all.[47]

A companion feature of the increased Chinese defense capability which these Russian systems offer is their affordability. As Chinese traders have remarked on Russian technology in general: "Russian goods are ugly, bulky, heavy, but very practical."[48] Western equivalents to Russian weapon systems such as the Su-27s and Kilo-class submarines, even if available to China, would be much more expensive than the cut-rate prices at which Russian arms manufacturers are offering their products. A related factor is that rising research and development costs for new weapon systems make it essential for China to "leapfrog" whenever possible by acquiring cheap Russian defense technology.[49]

Another factor facilitating the development of defense technology exchange is the "genetic" relationship of Russian and Chinese weaponry. As mentioned earlier in this paper and highlighted recently by a Russian observer, many Chinese "arms systems...were developed on the basis of Soviet samples and are 'genetically' related."[50] Although the

provenance of many Chinese systems cannot be so easily attributed, there is a general accuracy to this observation. Both PLA aircraft and naval vessels show strong elements of Russian heritage which make cooperation between Russian arms producers, design facilities, and maintenance providers somewhat easier than in many countries that are newcomers to the market in ex-Soviet arms.[51]

The increasing sophistication of China's military system is another important factor facilitating the Russo-Chinese arms transfer relationship. The modernization of tactics, operations, and strategy in the PLA since the mid-1970s make it more similar to a modern, professional military able to apply combined arms doctrine and, more relevantly to this paper, successfully induct the appropriate weaponry.[52] In its military modernization program, China has placed an emphasis on acquiring specialized capabilities consistent with world-class defense capabilities, including "early warning and control, aerial refueling, electronic warfare, large transport, and surveillance and reconnaissance" units.[53] Thus, the Chinese have both an unmet demand for advanced technology and the ability to apply it quickly in an operational context.

Another aspect of this increasing sophistication that facilitates cooperation is compatibility not just between weapon systems of similar "genetic" heritage, but also

between Russian and Chinese advanced research and design establishments. Russian and Chinese defense research institutes share a number of characteristics, not least of which is a shared set of problems such as a worrisome loss of top scientists to foreign employment and Western restrictions on high technology exports, which seem to move in lock-step for these two countries.[54] Some Russian and Chinese institutes also rely on the same computer-assisted design and manufacturing systems,[55] and enjoy that advantage of interoperability and technology sharing that is so worrisome to Western software designers: near-complete disregard for intellectual property rights.[56]

Yet another aspect of increasing Chinese sophistication that favors the continued growth of cooperation in defense technology is the PLA's down-sizing effort in the 1990s. Higher levels of technology simultaneously drive, allow, and complement these force reductions, creating a virtuous cycle in which the PLA is able to free funds previously used to maintain large numbers of outmoded aircraft and ships in order to purchase a smaller number of new systems that require fewer crew and service personnel.[57]

Looking next at areas in which defense technology exchange serves both countries' interests, there appears to be considerable potential for reciprocity and mutual advantage. From the standpoint of China's international security strategy, the acquisition of advanced

Russian technology allows China to reinvigorate through renewed weapon sales the process of creating additional power centers (for example, in the Middle East). This "multipolarization" process is regarded by some scholars as the hallmark of China's strategy vis-a-vis U.S. strategic hegemony in the 1980s and 1990s.[58] Given the attention paid to the Sino-Russian defense technology relationship in the West as a possible harbinger of renewed military alliance, both countries perversely gain increased status in the international community by virtue of concern expressed over their relationship in the West, whether or not that relationship has any potential for broader security cooperation.

From Russia's perspective, China remains a bright spot in its post-Soviet diplomacy, a situation that defense technology transfer has helped to create. Russia may also perceive improvements in its international standing by virtue of a "special" relationship with China that allows it to serve as an interlocutor for Western interests. As one analyst writes of the Western response to defense technology cooperation, "the reaction tends to be one of acceptance of any Russo-Chinese cooperation, especially if it means that China will sign the Comprehensive Test Ban Treaty."[59]

On a more practical level, one defense analyst has pointed out that Russia has followed a new arms sales policy in the post-Soviet period: "In order to capture external

markets, Russia is increasingly willing to break old patterns of arms supply and compete in technology transfers as a means of ensuring minimal market share."[60] This author goes on to cite an observation by then-Defense Minister Grachev that Russia's "sales push would concentrate on products where Moscow believed it was more cost-effective than the West."[61] At the same time, it appears that Russia and China will not necessarily compete for identical markets. For example, Russia's exclusive defense technology arrangements with India have left the Pakistan market for low-cost military aircraft largely open to China.[62]

The pattern cited in these passages is part of a larger set of interests posited by Bin Yu in a previously cited article on Russo-Chinese military relations in the 1990s. From the Russian perspective, he notes, selling hardware to keep Russian factories operating offers temporary relief to a military-industrial complex in serious economic difficulty. Then, too, with equipment reductions required to meet CFE treaty provisions, Russia was better off selling than scrapping its large excess inventory of weapons. In addition, he notes, Bush administration efforts to prevent proliferation of Russian conventional weapons after the disintegration of the Soviet Union only made the Russian defense establishment more aggressive in its marketing.

From the Chinese perspective, Bin Yu suggests, several factors made a Russo-Chinese defense technology relationship especially attractive. First, the Gulf War had shown the limits of a doctrine that relied on low technology and massive manpower. Second, the Chinese could use barter arrangements with Russia, an unusual situation in the international market for high-technology weapons. Third, Russia's instability prompted an effort to obtain arms and technologies quickly before the country could fall apart.[63]

What might China offer Russia in terms of true defense technology cooperation (as opposed to arms sales characterized as "cooperation" for external consumption)? While Chinese defense technology *per se* is seen to offer little to the Russian military-industrial complex, many observers have suggested that there are bases from which true technology cooperation could develop:

- Just as the Su-27 deal advanced China's defense technology, Russia stood to make similar gains through the effective use of the proceeds from the deal as well as defense conversion technologies from China;[64]

- Chinese defense technicians could reciprocate information-sharing and training provided by their Russian counterparts by introducing to the Russians some of the dual-use technologies acquired through technology transfer from the West;[65]

- China's more advanced level of computer technology and more widespread applications (including supercomputers and networking) offer potential for reciprocal technology sharing;[66]

- China's experience in attracting overseas Chinese technical talent could provide a useful model for Russian industry, although strong expatriate nationalism and technological achievement within that community may not be advantages that Russia enjoys to the same extent within *its* emigre community.

Finally, many observers have suggested that the opportunity provided by the defense technology relationship to "teach the United States a lesson" is not an insignificant element in the Sino-Russian rapprochement. From the Chinese perspective, acquiring high-technology Russian systems gave the United States its comeuppance for the niggardly and expensive defense technology program it had pursued with China in the 1980s and the suspension of the program after 1989.[67] The initial deal for the Su-27 aircraft in 1990 effectively communicated to the West that China has alternatives.

From a common outlook, both Russia and China benefit by demonstrating that each has a powerful friend outside the West. In some ways, this commonalty of interest is borne out by the development of technologies in the West that are equally threatening to either country, such as the Theater High Altitude Air Defense (THAAD) system which some see as the basis for Chinese interest in the Russian S300 air defense system.[68] Both countries can also benefit through joint technology projects with other countries, such as

an experimental thermonuclear reactor which they have agreed to develop with Iran and India: such multilateral initiatives make it more difficult for the West to oppose sensitive technology transfer deals.[69]

D. COOPERATION IN THE 1990'S: NEGATIVE FACTORS

A host of factors militate against progress in the cooperative relationship, although they appear--at least for the time being--to be outweighed by the strength of the dynamic that is moving the relationship along. Among the arguments offered by various authors on the potential limits and obstacles to continued cooperation, one of the most common themes is that Russian surplus inventories of weapons--especially those that China wants--will dwindle over time. On the scale of the international system, Charles Ziegler argues that Russian weapons may only be attractive for a short while:

> ...the increasingly costly process of producing sophisticated weaponry will confer a natural monopoly position on the United States over the next decade. Russia will become even more hard-pressed to compete successfully with the United States in the international arms trade.[70]

China's procurement patterns may also begin to emphasize systems in which Russia has no competitive advantage and may even lack competitive systems for export. For example, a September 1995 article in the *Asian Defense Journal* points out that China is focusing on advanced command and control system technology, computer-driven

communications, artificial intelligence applications, and precision weapons.[71] China will probably seek to develop much of this technology on its own, and will turn to world-standard providers in the West for the transfer of dual-use technology to solve crucial development problems.

Other aspects of this potential problem include the obviously limited future prospects for some of the most highly-touted (but ultimately unconsummated) defense technology "super-deals" between other republics of the former Soviet Union and China; the obvious example is the long-discussed sale of the Ukrainian aircraft carrier Varyag, which remains partially completed and decaying in Ukraine. More importantly, the Chinese are purchasing weapon system components from so many sources in the post-Cold War era--Germany, Israel, and Sweden are major suppliers of aircraft technology--that Soviet technology is far less important to weapons upgrades than in the past.[72] Finally, to the extent that the Chinese are, as suggested earlier, obtaining design data directly from Russian defense research institutes, they will be able to reduce the Soviet technological lead very quickly.

Despite the ambitious modernization of the Chinese military described above, the Chinese success story requires considerable qualification when discussing large,

high-technology integrated systems such as an aircraft carrier. Many observers have focused on this particular weapon system as an example of how far China has yet to go before it can be said to have a modern navy: Chinese analysts in particular focus on the extremely high cost of a viable aircraft carrier group and how marginally useful it would be to China's needs as a regional power.[73] In his assessment of Russo-Chinese military cooperation, Bin Yu notes that

> it will take several years before the PLAAF can adequately handle the newly acquired weapons and technology from Russia. Although some technology transfers will eventually give China a significantly stronger military, it will require a long time for China's backward defense-related industries to absorb, digest, and reproduce its own indigenous versions of these advanced Russian arms[74]

Sheldon Simon rounds out this assessment of the prospects for a Chinese aircraft carrier by noting that Chinese planning calls only for constructing relatively small *Kiev*-class STOL (stationary take-off and landing) carriers, conservatively scheduled for completion in 2005. This long lead-time, he argues, "reflects the absence of expertise for carrier-based aircraft, antisubmarine protection, and phased-array radar -- all of which would be essential for a carrier group.[75]

In more general terms, China may be unable to function effectively as a defense technology partner for Russia because its technical level is judged to be at or above

Russian standards in only a few areas and far behind Russia in most fields. As Scott Parrish argues in an *OMRI Analytical Brief:*

> Closer ties with China, then, are no substitute for trade with the more developed West. For while China may provide a market for many Russian products, it cannot supply the technology that Russia needs to upgrade its industrial base and eventually claw its way back into the first rank of world powers.[76]

There is also considerable evidence that Russian sentiments toward China may eventually make defense technology-sharing politically unpalatable. Suspicion that arms deals are benefiting China far more than they benefit Russia have been a constant theme in the Russian press in recent years, and has intensified unease over China already present within the Russian leadership because of past enmity and historical resentment. In fact, resentment over perceived Chinese ingratitude was clearly expressed not only by Khrushchev in his previously cited memoirs of the 1950s relationship but by a Russian academician describing China's arms program in 1995. He repeatedly asserts that China could never have developed its arms industry without infusions of Soviet defense technology.[77] Another such impediment, based on Russian national security concerns, is the apparently real threat of defense technology espionage in Russia and the former Soviet republics. A minor flap occurred in early 1996 when it was reported that Ukrainian

authorities had expelled Chinese nationals from the country for attempting to acquire SS-18 ICBM missile technology from on-site technicians at a plant in Dnipropetrovsk. Although Ukraine officially discounted the seriousness of the incident, both Russian and Ukraine were demarched by the U.S. State Department on the proliferation threat posed by the potential transfer of this technology.[78]

Another important inhibiting factor in the growth of the defense technology exchange relationship from Russia's perspective may be the perceived perils of competition with China in the international arms market. The simultaneous lifting of Cold War-era controls on the export of computers and telecommunications equipment to both China and Russia will free both countries to acquire and develop indigenous equivalents of the latest-generation military equipment in these and related fields.[79] Given the comparative advantage which both countries enjoy over the West in manufacturing costs, it is quite likely that an economically rejuvenated Russia could go head-to-head with China in marketing many similar defense products in the coming decades.[80] Competition between the two countries for low-cost space launch services is a definite possibility for the near future.[81] Many authors argue that the near future will also see sales competition between these two countries in the very technologies that Russia is currently transferring

to China, such as advanced aircraft. As Dantes argues in his article on the PLAAF build-up: The PRC, having acquired the requisite technologies...for fulfilling its domestic requirements and helping fill in the vital blanks in the R&D projects of some of its weapon systems (such as avionics and metallurgical expertise [for] the B-7 and J-8 II), is likely to emerge as the dominant weapons exporter in [the] Asia-Pacific...[82]

Referring to the Su-27 deal, one Russian analyst points out the potential for self-induced competition:

> ...the deal will enable the PRC to independently produce at least 40 Su-27 combat aircraft annually by the year 2000 (nothing prevents the customer from quickly increasing this initial capacity). If production at that level is reached, then, even if the Chinese make a more primitive version of the plane, they can provide considerable competition for Russia in the combat aircraft market.[83]

Naturally, these observations--and many others included in this discussion of potentially negative factors--contradict the contents of the previous section, which detailed factors favorable to the development of the defense technology relationship. The next section takes up the most important of these contradictions, those relating to the potential for a long-term relationship supportive of broader security cooperation.

E. ESSENTIAL QUESTIONS ON THE DEFENSE TECHNOLOGY RELATIONSHIP

This section treats four general questions on the long-term viability of Sino-Russian defense technology ties: a) How long will Russian goods remain attractive? b) Is China a special customer? c) Is Russia withholding its most advanced technology (and if so, what does this mean for the future of the relationship)? and d) How valuable is Chinese technological expertise to Russia? These questions are argued positively or negatively on the strength of the available evidence, with a summation at the end evaluating the significance of these findings for the overall strategic relationship.

How Long Will Russian Goods Remain Attractive to China?

For quite some time.

As noted already in assessing the factors favorable to a growing relationship, Russian defense technology exchanges with China do not just provide the latter with one complex weapon system at a time: advanced weapon components such as the Su-27's ZHUK airborne radar are usable in virtually every other aircraft of the huge PLAAF inventory.[84] Long-term service contracts and upgrade arrangements for these systems promise to be a particularly strong factor in keeping the exchange relationship going. Then too, new Russian weapon designs are still pouring out, including fighter jets and

other advanced systems that may hold Chinese interest for decades to come.[85] Moreover, just as some countries are currently upgrading older aircraft such as the MiG-21 with modern avionics and other systems, aircraft and ships sold to China now can probably be kept from obsolescence for an extended period with similar upgrades.[86]

Certain dynamics of the cooperative relationship also militate for the longevity of that relationship. For example, at least one journal has noted negotiations between the two sides on economic cooperation in the sale of jointly developed defense products. One such project may be the licensing of Russian subsystems for inclusion in the Chinese FC-1 export fighter.[87] The attractiveness of such joint development projects may be enhanced by the comparative advantage of employing inexpensive Chinese labor in assembling the systems, making Russian products even more "cost-effective" vis-a-vis their Western equivalents. China's ability to use barter trade in its payment schemes with Russia will probably remain in effect for some time, giving China an advantage in the exchange because of the value-added nature of many of the Chinese manufactured products involved.[88] This will provide the Chinese with greater funds to purchase Russian arms than they would otherwise have available.

The simple availability of Russian weapon systems is another significant positive factor in the relationship. Unlike many customers for Russian advanced arms, China has no access to U.S. weapon systems. This fact, added to the "genetic" similarities of the Russian and Chinese military-industrial complexes and Chinese satisfaction for the time being with less than cutting-edge designs, makes the Russian and Chinese military systems fit naturally with one another in a cooperative relationship.[89] Finally, the guarantees offered to Russia's customers of continued servicing and upgrades (Russian design, production, and sales bureaucracies are joint signatories to technology transfer agreements) offer unprecedented assurance of parts and service for Russian products, never a strong point of Soviet arms sales.[90]

Is China a Special Customer?

It appears not.

Without detailing the extent to which Russia's arms sales to other countries around its periphery resemble or exceed its defense technology relationship with China, it is probably sufficient to point out several examples of how Russia is offering much the same technology nearly everywhere. A 1994 account of "Russia's big arms sales drive" pointed out that

> the poor state of the Russian economy and the poor impression of Soviet weapons during the1991 Gulf War has forced the Russian Government to sell virtually anything (bar weapons of mass destruction) to anyone who can afford to pay for it with hard currency...As a result, leading edge Russian military hardware, some of it not even in operational service with the Russian military, is being offered for export to a variety of states.[91]

The article went on to point out that Russia is selling the same Kilo-class submarines to Iran that it has sold to China. More significantly, it has reportedly offered India "20 Su-30 enhanced Flankers - more capable than the 26 Su-27s sold recently to China."[92] A 1995 article in the Moscow periodical *Kommersant* argues that it is Russia's defense technology ties with India, and specifically *not* with China, that represent the hope of Russia's military-industrial complex. And it is noteworthy that Germany already owns a squadron of MiG-29s and is being offered more at a point in time when China has yet to seriously negotiate for the purchase of this aircraft.[93]

Is Russia Holding Back Cutting Edge Technology?

It appears so, but it also appears that this may be largely irrelevant to progress in the relationship.

A number of analysts have argued that the "military hardware that could be part of any cooperative agreement is technologically antiquated by U.S. standards."[94] Russian specialists have also claimed that "neither the current, nor the proposed military sales to

China will change the military balance between Russia and China...Russia follows 'two political principles' in its arms sales to China: don't sell the best and limit the quantity. Russia therefore will be able to maintain the technological edge in the newer generation of aircraft."[95]

As already mentioned, Russia has included within the contract allowing production of Su-27s under license in China provisions aimed at preventing competition between Russia and China in the international market for advanced fighters. For example, while a joint venture company in Shenyang will produce the Chinese Su-27s, the radars, engines, and fire control systems for the planes will first be manufactured in Russian plants and then sent to China for installation. More explicitly, China has signed an agreement not to resell Su-27 weapon systems or technology.[96] However, despite this prohibition, Russian technology promises to make possible technical upgrades to other aircraft in the PLAAF inventory which the PRC *can* sell overseas, making these exports more competitive.

Thus, it appears that potential Russian concerns about the vulnerability of its forces to Russian technology in Chinese hands have been substantially assuaged. At the same time, the well-established Chinese pattern of offering near-meaningless trade assurances--as in negotiating intellectual property rights agreements with the United

States while doing almost nothing to protect U.S. products in China--has not to date impinged upon its ability to ignore these assurances in practice. Most significantly, few negative consequences appear to flow from failing to honor its promises, as long as new promises of better behavior are forthcoming. Thus, while both military and commercial competitiveness are at issue in the defense technology relationship, these problems do not appear to represent more than minor irritants in the relationship.

How Valuable is Chinese Technological Expertise to Russia?

Not very.

This question presupposes to some extent that a truly reciprocal technology exchange relationship will have greater potential for longevity or development into a broader security alliance. Whether this is accurate or not, Russian efforts to make use of Chinese technical expertise appear quite unlikely. While there are technical areas in which China enjoys at least arguable superiority over Russia--computers, materials technology (e.g., crystals and super-conducting materials) and high-tech marketization--these involve highly specialized *civilian* industrial bases and centralized *civilian* science and technology planning that China developed at great expense and which will probably not be a feature of the Russian military-industrial complex for years or even decades to come.

Moreover, while there are lessons that Russia could learn from the Chinese experience in defense conversion, the promotion of military self-sufficiency, and educating its citizenry on the benefits of the "socialist market economy," political, social, and economic differences (and chauvinism) may well prevent any of these lessons from being applied in the Russian defense sector. For example, while China has made a major social investment in making remote "Third Line" defense factories viable civilian enterprises, Russia has basically defunded its own conversion process.[97] More broadly, while China was able to de-emphasize extractive industries in its economy in the 1980s,[98] Russia is dependent in many ways on continued high levels of extraction to meet its commitments. Perhaps most importantly, while private Russian capital seems anxious to flee the country, Chinese seem at times over-anxious to invest in their domestic economy, and this is true for many returning overseas Chinese capitalists as well. For the foreseeable future, exchanges of Russian high-tech weaponry and Chinese consumer goods may go far toward exhausting the cooperative opportunities between these two economies.

What, then, do the answers to these questions have to say about the future of Russo-Chinese defense technology cooperation? First, that it is likely to persist and even grow for some time. Second, that regardless of the viability of the defense technology

relationship, there is nothing about China from the perspective of Russian arms sales that would suggest China has a special, favored position in Russian strategic planning: a Russo-Chinese "axis" is no more predictable on the basis of the bilateral defense technology relationship than is a Russo-Iranian or Russo-German alliance. Third, an implicit Russian strategy of withholding cutting-edge technology from its cooperative exchanges with China is to be expected and is probably immaterial to the progress of the relationship. Fourth, the likelihood that defense technology exchange could broaden into a more significant relationship between the Russian and Chinese military-industrial complexes (and thereby develop some momentum toward a security partnership) is probably very small.

F. COMPARING COOPERATION IN THE 1950'S AND 1990'S

What consistencies emerge when we compare Sino-Russian defense technology cooperation in the 1990s with similar exchanges in the 1950s? This section argues that there are many consistencies and parallels between exchanges in these two periods, but that most of these points of similarity make broader cooperation--and broader security partnership--less likely to occur in the current period.

One somewhat simplistic observation--but one nonetheless worth making--is that the Soviet Union had a large surplus of arms to sell China in the post-World War II period, and Russia had a similar large surplus to sell China at the end of the Cold War. Perhaps the only point that can be safely made on the basis of this parallel is that, since before the establishment of the PRC, the militarization of the Russian economy has created a huge inventory of weapons and constant pressure to market or otherwise move these arms overseas. The sale of arms to China following rapprochement, then, was a natural first step for the Soviet Union and, subsequently, Russia. While it cannot be convincingly argued on the basis of available evidence that arms deals with China were pursued only because they served the immediate interests of both sides, it can be argued that short-term interests (i.e., not a long-term strategic realignment) were sufficient to explain the deals.

Another less obvious point emerging from an examination of cooperation in these two periods is that the modern history of Sino-Russian defense technology exchange is not contained within the confines of the 1950s and the current decade. The Soviet Union sold arms to and exchanged defense technology with the Chinese Nationalists in the 1930s and 1940s, establishing an historical pattern of ambiguous and ideologically questionable

rationales for arms sales to China. As already noted, Russia also sold far more arms to China in the pre-rapprochement 1980s than did the United States.

The important point to be drawn from this pattern is that it calls into question an implicit premise of much analysis currently being written about Russo-Chinese defense technology cooperation. For example, as previously noted, Hung P. Nguyen argues in his 1993 article, "Russia and China: Genesis of an Eastern Rapallo," that communist hard-liners in Moscow were the driving force behind the rapprochement of the early 1990s, and that weapon sales were the main vehicle for that rapprochement.[99] There is an implicit link in this argument between the ideological ties that drew Moscow and Beijing closer and the growing momentum of the arms sales program. A year later, Sheldon Simon reflected the thinking of many East Asians when he suggested that the defense technology relationship, among other factors, "might move China toward a new nonideological relationship with Russia."[100] The perceived tie between ideology and arms sales, expressed negatively in the latter and positively in the former example, may in fact be insignificant if it exists at all. Ideology is, of course, potentially important if one is looking for the basis of a new alliance. However, as argued in the previous chapter, the current ideological orientations of the Russian and Chinese states are not conducive to the

establishment of an alliance.

A third point of comparison between the two periods is that production capabilities were transferred in both cases. Although much is made of Russian technology transfer in the 1990s, similar transfers in the 1950s demonstrate that this is nothing unusual in the history of Russian arms sales practices. Technology transfer can in fact be a crucial selling point, and may have made possible the Su-27 sales and other deals. It certainly does not provide evidence of growing bilateral trust and security cooperation.

A related point is that arms sales to China had a very strong commercial component both in the 1950s and in the 1990s. The 1950s Soviet stipulation that "China could have what it paid for" is echoed in the observation of Eugene and Natasha Bazhanov, writing in 1993:

> [increased Russo-Chinese arms sales] revived concern in Taiwan and some countries in the Asia-Pacific region as a possible sign of a strategic rapprochement between the two giant states. Actually the weapons were exported because of mercantilist interests.[101]

There is also the example of Russia's offer of 200 MiG-29s to Germany, already cited above, to offset U.S. $2.5 billion worth of debt. It would be laughable to suggest that this proposed arms deal, almost 10 times the size of the Chinese Su-27 contract, is indicative of a Russo-German "strategic rapprochement" leading to alliance-building. For Russia,

hard currency and foreign goods are the crucial elements in both the German and Chinese deals.

Another possible parallel between the two eras is that, once China has reached the end of its procurement plan and acquired a desired technological level, it may well generate less demand for Russian weapons and technology. As noted in the opening discussion of cooperation in the 1950s, when target strength levels were reached in China, the flow of modern Soviet weapons tapered off. The Chinese may only be interested in defense technology exchange until they catch up or reach a lower (than Russian) but adequate (for Chinese purposes) level of technology.

Some of the explanations given for the Soviet promise of an atomic bomb to China have parallels--in a broad sense--in the 1990s relationship. For example, the integration of the Chinese Academy of Sciences with the Soviet military scientific and technical system in the 1950s has a parallel in the widespread perception of a "genetic" relationship between Russian and Chinese weapon systems in the 1990s. Such a perception, based on technical characteristics, can--as in the 1950s--offer false assurance that parallel doctrinal shifts are taking place and that they constitute a budding security alliance. In the presence of rhetoric on both sides concerning common interests in defense conversion, force

down-sizing, and modernization for regional conflict, such perceptions may be too easy to come by.

Another parallel to the current period from the nuclear technology relationship of the 1950s is the basically *quid-pro-quo* motivation for Soviet/Russian defense technology exchange with China in both periods. In the 1950s, the Soviets needed Chinese uranium and other scarce elements; in the 1990s, Russia has sought hard currency and consumer goods from China. In both periods, defense cooperation with China--however limited it may be in practice--has shored up Russia's position in the international system by creating an impression of a broader security relationship.

In fact, defense technology exchanges are probably unrelated to concepts of alliance in the minds of the Chinese leadership. China's repudiation of the Soviet-centered alliance structure of the 1950s has parallels in the consistent Chinese rejection in the first half of the 1990s of Russian proposals for a Russo-Chinese proto-alliance or security structure, whether authored by Shevardnadze in 1990 or Yeltsin in 1995. Chinese nationalist ideology does not appear to tolerate close, dependent relationships. As William Kirby argues in an article on Chinese foreign relations,

> The PRC-Soviet alliance of the 1950s...would be hampered by Chinese fears of dependency and loss of autonomy in partnership with a much more

> powerful ally. This sense was apparently strong enough to risk a break with the Soviet Union even while the security threat from the United States remained acute.[102]

Finally, just as U.S.-Chinese defense technology exhange in the 1980s turned out to be one of the most highly vulnerable facets of the Sino-American relationship following the Tiananmen incident in 1989, the current defense technology relationship with Russia may not survive the first crisis in bilateral relations. China never approached defense technology relations with the West as a stepping-stone toward a security alliance, and appears no more likely to do so with Russia. On the Russian side as well, profound concerns about its relationship with China may eventually diminish the leadership's ardor for broader security cooperation, leading perhaps to a recognition among Russian leaders that, as Tow states, "by seeking intermittent, if qualified, cooperation with both the Soviet Union and the United States...China constantly sought to develop the autonomous military resources necessary for it to make a critical difference in the global balance of power."[103]

Notes

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[3] Schwartz, Harry, *Tsars, Commissars, and Mandarins: A History of Chinese-Russian Relations*, New York: J.B. Lippincott Company, 1964, p. 144.

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[5] Raymond L. Garthoff, "Sino-Soviet Military Relations, 1945-66," in Garthoff, ed., *Sino-Soviet Military Relations,*, pp. 84-85.

[6] *Ibid,* pp. 84-87; see also Day, Alan J., ed., *China and the Soviet Union, 1949-84*, New York: Facts on File Publications, 1985, p. 3.

[7] *Ibid,* p. 86.

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[14] Garthoff, *op. cit.*, p. 81.

[15] *Ibid*, pp. 87-8.

[16] Lewis and Xue, *op. cit.*, p. 61.

[17] Day, *op. cit.*, pp. 3-4.

[18] *Ibid*, p. 4.

[19] Lewis and Xue, *op. cit.*, p. 41.

[20] *Ibid*, p. 61.

[21] *Ibid*, p. 9.

[22] *Ibid*, pp. 40-41.

[23] *Ibid*, pp. 42, 45.

[24] *Ibid*, p. 62.

[25] Hsieh, Alice Langley, "The Sino-Soviet Nuclear Dialogue: 1963," in Garthoff, ed., *Sino-Soviet Military Relations*, p. 166.

[26] Lewis and Xue, *op. cit.*, p. 61.

[27] *Ibid*, p. 64.

[28] Day, *op. cit.*, p. 13.

[29] Garthoff, *op. cit.*, pp. 88-9.

[30] Lewis and Xue, *op. cit.* p. 63.

[31] Clemens, Walter C., Jr., *The Arms Race and Sino-Soviet Relations,* Stanford: Hoover Institution Publications, 1968, p. 18.

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[33] Garthoff, *op. cit.*, p. 89.

[34] Schwartz, *op. cit.*, pp. 226-227.

[35] Garthoff, *op. cit.*, p. 94.

[36] Lewis and Xue, *op. cit.* p. 72.

[37] Garthoff, *op. cit.*, p. 96.

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IV. COOPERATION IN ECONOMIC AFFAIRS

This chapter examines Sino-Soviet economic relations in the 1950s, then compares these relations with observable patterns in Sino-Russian economic relations since 1991. As in the other case studies in this thesis, this examination of bilateral economic relations over two comparable periods will demonstrate that recent cooperation does *not* point to the emergence of a new alliance structure between the two states. Instead, parallels with the 1950s relationship along with other, unprecedented factors, strongly suggest the opposite: far from contributing to a broad strengthening of the relationship, economic relations are likely to generate a growing dissonance and disequilibrium, even within the economic sphere itself.

In this chapter, milestones of the 1950s economic relationship are traced from Mao's visit to Moscow in the winter of 1949-1950 to the rupture in bilateral ties that essentially ended cooperative relations by 1960. Certain features of the 1950s relationship that are both crucial to the development of relations in that period and relevant to the 1990s relationship will be highlighted. The interim period of the 1960s through the 1980s is also examined to provide continuity and to identify the origins of many post-Soviet

developments. In keeping with the structure of this paper's other comparative cases, this chapter will seek to isolate in the current relationship those factors which

- favor, promote, or allow for further cooperation;
- militate against or limit such cooperation; or
- appear to be crucial, in either a positive or negative sense, for continuing cooperative relations.

Unlike the other comparative studies in this paper, a periodic comparison of *economic* ties between these two states must contend with the fact that the relationship cannot be treated as equally "intergovernmental" for both periods. Economic relations were almost entirely a matter of bilateral governmental agreements and protocols in the 1950s (and on into the succeeding decades of curtailed exchanges). In contrast, the 1990s have seen the growth of private trade relations, joint ventures, and other economic connections well outside the bounds of intergovernmental arrangements. While accounting for these differences, this paper argues that economic relations between China and Russia in the 1990s remain comparable with the 1950s relationship because of persistent parallels in the "deeper" underlying principles that inform the conduct of the relationship.

In identifying these principles, it is argued, one may discern a persuasive--if partial--answer to the larger question posed by this thesis: Are Russia and China constructing--or tending toward--a bilateral security alliance? In the sphere of trade and economic relations, it appears that the nature of cooperation in the 1990s relationship does not bode well for the more intensive integration that would be supportive of a bilateral alliance. It further appears that economic relations in the current period may soon exhaust their potential for growth in purely economic terms.

A. THE 1950'S RELATIONSHIP

In a 1964 book, Chu-yuan Cheng describes the institutional basis upon which the bilateral economic relationship was founded. When the People's Republic of China was established in 1949, the Soviet Union was the first state to establish diplomatic relations with it. On one of his rare trips outside China, Mao traveled to Moscow in December of that year for a summit conference with Stalin. Extended negotiations resulted in the signing of four important documents in February, 1950.[1]

These documents, along with an agreement in April, 1950, establishing the ground rules for bilateral trade, laid the groundwork for Sino-Soviet economic relations. Among the important provisions of these agreements:

- The Soviet Union was granted concessions allowing it to continue operation of the Chinese Ch'ang-Ch'un Railroad and to maintain its military bases at Port Arthur and Dairen.

- China was granted a modest U.S. $300 million in Soviet credits for the delivery of basic industrial infrastructure from the Soviet Union, including railroads, power stations, and machine-building plants.[2] China was to repay these loans at a one per cent interest rate over 10 years beginning in 1954. Repayments were to be made through "delivery to the Soviet Union of raw materials, tea, gold, or U.S. dollars."[3]

- Trade was to take the form of "reciprocal commodities deliveries between the two sides," with price computation and settlement determined by intergovernmental negotiation.[4]

In November, 1952, the 50 enterprises established under the 1950 credit agreement were supplemented by the construction or reconstruction of an additional 91 under a new agreement with the Soviets. The Soviet aid represented by these 141 projects would be crucial in establishing the basis of China's modern industrial complex, with its "metallurgical, machine-building, electric power, chemical, and other branches."[5] China--with a similarly huge but fundamentally different resource base--thus embarked upon the Soviet model of extensive development in every major industrial category, a model that made a virtue of self-reliance and autarky while dismissing the benefits of comparative advantage.

The historical context of these agreements is very important. The initial 141 projects were funded not with *dedicated* credits but with fungible loan monies that China was obliged to apply to the cost of the war in Korea, both during the war and in rebuilding its materiel base after the end of the conflict. Thus, the benefits available to the struggling Chinese economy from these loans were severely constrained.

The period of Khrushchev's rise to power was marked by several important developments in the economic sphere. Most significantly, the new Soviet leadership rewrote its contract with the Chinese regarding economic cooperation, eliminating the onerous Stalin-era institution of Sino-Soviet "joint-stock companies." As Khrushchev would note in his memoirs:

> After Mao came to power, his relations with Stalin soon became strained at the level of trade and economic cooperation as well as at the level of ideology. At one point Stalin concluded a treaty with China for the joint exploitation of mineral resources in Sinkiang [Xinjiang]. The treaty was a mistake on Stalin's part. I would even say it was an insult to the Chinese people. For centuries the French, English, and Americans had been exploiting China, and now the Soviet Union was moving in. This exploitation was a bad thing, but not unprecedented: Stalin had set up similar 'joint' companies in Poland, Germany, Bulgaria, Czechoslovakia, and Rumania. Later we liquidated all these companies.[6]

Along with the renunciation of the joint stock companies, the Soviet Union also provided China with loans and technical assistance for additional "sets" of industrialization

projects: 15 projects (with a U.S. $100 million credit) were agreed upon in September 1954; 55 new projects (with a U.S. $625 million credit) followed in 1956.

The final set of aid projects was agreed upon in August, 1958, when "the Soviet government agreed to *sell* China another 47 industrial enterprises" (emphasis in the original).[7] These projects, which coincided with the Chinese Great Leap Forward campaign to achieve rapid industrialization, were accompanied by a dramatic but unsustainable surge in Chinese imports from and exports to the Soviet Union (Table 4.1).

Table 4.1 Chinese Trade with the Soviet Union, 1957-1961[8]
(From Chu-yuan Cheng. *Economic Relations Between Peking and Moscow*, New York: Praeger, 1964, p. 53)

Year	Chinese Exports	Chinese Imports
1957	738	544
1958	881	634
1959	1,100	954
1960	847	816
1961	551	367

The composition of these imports and exports was most important: China was exporting as much agricultural produce to the Soviet Union as possible to pay for a rapid increase in

the importation of industrial equipment. With the agricultural and industrial failure of the Great Leap Forward strategy in China, this trade pattern came to haunt the relationship. An estimated 30 million Chinese had starved as the grain needed to feed them was used to finance the purchase of industrial equipment and material that was of low quality and poorly suited to the Chinese economy.

1. Characteristics of Soviet Aid

According to Cheng, Soviet technical assistance to China came through four main channels:

- the dispatch of Soviet specialists and technicians to work in China;
- the supply of blueprints;
- the reception of Chinese specialists, technicians, and workers for training in Soviet enterprises; and
- the conducting of training classes in Chinese factories and mines by Soviet specialists.[9]

Robert O. Freedman, in *Economic Warfare in the Communist Bloc,* points out that Soviet assistance to Chinese industry was regarded by both sides as savings-intensive. Referring specifically to the Soviet promise of a "sample atomic bomb and technical information related to its manufacture," Freedman argues a point that can be generally applied to all

bilateral projects of the 1950s: "the Russians made a major contribution to the Chinese economy by enabling the Chinese to avoid a lengthy and costly research and development process that would have consumed large amounts of scarce Chinese resources."[10]

In fact, many Soviet aid programs, as pointed out in the previous chapter on military technology transfer, had a contrary effect: rather than freeing Chinese resources, Soviet insistence upon trade terms for its economic relations with China meant that the Chinese never acquired the surplus capital necessary to build an independent economic base. As Raymond Garthoff writes, "by saddling them with outlays as heavy as they could bear, the Russians further held back the Chinese."[11]

Another important aspect of Soviet assistance was how inappropriate it was to the Chinese situation. As Freedman points out, the Soviet emphasis on foreign trade as "the most important form of economic cooperation" between the two states had led by 1958 to a Soviet agreement--already noted in a separate context--to "*sell* China another 47 plants and the necessary technical assistance to put them into operation; this was still not the economic assistance the Chinese economy needed...the unwillingness of the Russians to supply long-term credits forced the Chinese to increase their exports in order to pay for imports of Soviet machinery."[12]

Nor were many of the broader lessons of Soviet development appropriate to the Chinese case. An important characteristic of Soviet economic relations with China during the 1950s was the inculcation of the Chinese with a development strategy marked by industrial completeness and technological breadth. As Barry Naughton points out in a recent article on China's economic strategy:

> It is striking that China produces virtually all industrial products, but is an astoundingly efficient producer of very few items...Impressive achievements have been made in textiles and rocketry. In between these low and high technology sectors, China attempts to foster the development of virtually every sector, and displays relatively backward technology and low productivity in most of them...In attempting to carry virtually all sectors, China assumes a continuing economic drain due to the support of inefficient producers and sectors, and prevents a more rapid movement into sectors in which a true comparative advantage might be found.[13]

Not all (or even most) of China's emphasis on self-reliance can be attributed to Soviet influence, for the Chinese disposition to autarky has deep historical roots and became most pronounced beginning in the mid-1960s when Sino-Soviet relations were at a nadir. However, the inefficient investment of resources across all industrial sectors was certainly reinforced by Soviet example and guidance. The most notable aspect of this quest for industrial completeness on both sides of the Sino-Soviet economic relationship is that, while conducive to intensive ties while China was in a position of industrial tutelage

and dependency, industrial completeness naturally had an opposite effect on the long-term prospects for complementarity and exploiting comparative advantage. When the state has a stake in developing all sectors, trade--with its built-in rewards for comparative advantage and punishments for inefficiency--becomes an enemy of the state program.

2. The Mechanics of Trade in the 1950s

Trade between the Soviet Union and the PRC assumed a formalized, state-managed structure at its outset that would persist until the 1990s despite dramatic swings in the volumes of trade. James C. Hsiung summarizes the constituent "forms" that make up the overall relationships between Communist states in *Beyond China's Independent Foreign Policy.*[14] Of these, the following are relevant to a description of formalized aspects of Sino-Soviet trade and economic relations from the 1950s onward:

- *Routine contacts:* As early as 1950, the two sides convened regular sessions of bilateral commissions to regulate trade and transport.

- *Visits and exchanges:* Frequent exchanges of ministerial-level officials and their technical entourages provided opportunities to explore possibilities of increased exchange and trade.

- *Annual trade talks to set the level of trade:* These talks, rotating between Beijing and Moscow, culminated annually in the signing of protocols between the two sides covering terms of trade, trade volume, and the scheduled delivery of commodities.

As Cheng points out, Moscow and Beijing maintained the formality of negotiating and signing an annual trade protocol even after actual bilateral trade shrank to negligible levels in the early 1960s.[15]

These annual protocols were but one reflection of the exclusive nature of state management in bilateral trade. In fact, trade protocols were one of the many forms in which bilateral trade arrangements were institutionalized. Soviet loans constituted intergovernmental treaties and were documented as such. Moreover, 1950 world commodity prices served as the basis for bilateral exchanges until 1957, when they were finally adjusted to address the obvious unfairness (to China) of the outdated pricing levels.

Another feature of bilateral economic relations in the 1950s was the use of countertrade arrangements rather than exchanging large amounts of one another's (nonconvertible) currency or dealing in scarce foreign exchange. As Giovanni Graziani notes in *Gorbachev's Economic Strategy Toward the Third World,* the term "countertrade" can refer to a broad variety of arrangements, including "barter, buy-back, counter-purchase, bilateral trade and payments agreements, offset, debt for goods, and others."[16] The Soviets and Chinese worked out various payment schemes in the 1950s, but the predominant arrangment was the bilateral trade and payments agreement, in which

the levels of imports and exports between the two sides were recorded in a kind of running ledger. Bilateral indebtedness thereby became a function and expression of the trade imbalance. Cheng shows how the Chinese, beginning in 1956 and continuing even through the famine years following the Great Leap Forward, steadily and consistently paid down their debt to the Soviet Union by reversing the import-export imbalance of the previous years[17]

A final point that bears mentioning in describing the mechanics of bilateral trade is that, with the exception of personnel training arrangements, Soviet assistance to China was almost entirely through trade, not grants-in-aid. Soviet assistance, Cheng points out, became exclusively a matter of trade in the late 1950s, meaning that China--embargoed by the West at this time--became a captive market for Soviet products, especially industrial equipment, during this period.[18]

3. The Chinese Critique of Economic Relations with the Soviets

a. Unequal Relations

Among the many Chinese criticisms of Soviet behavior toward China during the 1950s, the accusation that the Soviets set up an unequal economic relationship is based, perhaps, on the long-harbored resentments. Even before the Chinese

communists had established control over the country, the Soviets had undertaken policies certain to resurrect historical antipathies. As Peter Berton notes in a 1985 article on Sino-Soviet relations, "their occupation of Manchuria in the final days of World War II gave the Soviets the opportunity to strip the area of all industrial equipment, a move that the Soviet Union justified as spoils of war against Japan but which every Chinese irrespective of his political convictions deplored as a setback to postwar industrialization of China."[19]

The joint stock companies that the Soviets set up with the Chinese in the early 1950s were perceived by both Chinese and Soviet officials as onerous and similar to colonial exploitation. As already noted, the Soviet investment in these joint stock companies was sold back to the Chinese beginning in the mid-1950s. However, as Freedman points out, "it is interesting to note that although the USSR canceled repayment requirements for the Soviet shares in the Eastern European joint-stock companies following the Hungarian Revolution, similar action was not taken to relieve the Chinese of this burden."[20] Freedman further notes that this Soviet requirement for repayment placed "a major strain on China's balance of payments."[21] In fact, as Cheng points out, Soviet sources affirmed that China repaid a significant portion of its overall

debt through the transfer of convertible currencies.[22] It was, Freedman suggests, the dilemma of feeding its own people while paying off the Soviet debt that prompted the Chinese to launch the Great Leap Forward and communization movements: unprecedented quantities of exports were required to meet both demands simultaneously.[23]

Freedman's larger thesis, in fact, is that the Soviet Union under Khrushchev attempted to use trade as a disciplinary weapon or form of leverage against China in the late 1950s and early 1960s. One aspect of this "discipline" was the Soviet Union's

> vigorous policy of economic assistance to certain "neutral" underdeveloped nations at this time in order to "win them over to Socialism." [This policy] must have been a bitter pill for the Chinese leaders to swallow, since they had not received any Soviet capital aid since the 1954 agreement.[24]

Cheng seconds this interpretation, pointing out that "the Soviet Union has regarded economic pressures as its most effective disciplinary weapon."[25]

Another example of a Soviet policy perceived by the Chinese as pointedly unfriendly to their interests was Moscow's unwillingness to enter into a long-term trade agreement with China, as it did with most East European states. Cheng points out that

> Both Moscow and Peking have stressed the significance of such agreements. Ting Ke-chuan, Vice-Director of the General Office of the Ministry of Foreign Trade, has called these long-term agreements "the main form of economic cooperation between the socialist countries in the future." In

> 1958, when the [PRC] and U.S.S.R. concluded a treaty of commerce and navigation, the Chinese also expressed a desire to conclude a long-term trade agreement with the Soviet Union. In that year, China signed a series of long-term trade agreements with Poland, Hungary, Rumania, Bulgaria, North Korea, and Albania.... However, no such long-term trade agreement with the U.S.S.R.was concluded.[26]

The long-term maintenance of 1950 world market prices, already mentioned above in the discussion of trade mechanics, gave rise to several developments which created an impression of Soviet unfairness among Chinese observers. Cheng argues that, in general, shifts in world market prices during the eight years of the "freeze" favored the Soviets. In a 1952 incident that was particularly irksome from the Chinese perspective,

> a substantial quantity of soybeans exported from Manchuria to the U.S.S.R. was then sold by the Soviet Union in London at a price much lower than the Chinese Communists bid in Hong Kong...the Soviet government had a trade agreement to import Chinese soybeans at only...half the price on the international market. This enabled the Soviets to resell the Chinese soybeans at a price even lower than that bid by Communist China's trade company in Hong Kong.[27]

There is also considerable evidence, again cited by Cheng, that the Soviets were able to take advantage of their role as China's economic "tutor" to foist off low quality equipment on Chinese industry while using the presence of Soviet technicians in

Chinese factories to ensure that Chinese exports to the Soviet Union were of the highest quality.[28] Finally, Cheng notes that

> the overvaluation of the ruble exchange rate since 1950 proved to foster Soviet exploitation. Although the value of the non-trading ruble was set at one ruble to two *jen-min-pei* [the PRC currency, now termed 'Renminbi' or 'RMB'], the trading ruble was long exchanged at the rate of one ruble to one JMP.[29]

b. Low Levels of Soviet Economic Assistance

Many authors have pointed out that the amount of the initial Soviet aid package to the PRC was very small, amounting to a U.S. $300 million credit to be used over 5 years. When compared with the multibillion dollar package of aid for European reconstruction under the Marshall plan, or even with Soviet investment in Eastern Europe, Soviet assistance to the Chinese seems almost miserly. Furthermore, as Cheng notes, of the U.S. $2.25 billion that the Soviet Union lent to China during the 1950s, only $430 million--or about 20 percent of the total--could be classified as loans to enable China to purchase Soviet machinery and equipment. The other 80 per cent represented war debts and repayments for acquired military materials.[30] Thus, in terms of actual development aid (discounting the putative value of Russian infrastructure on its erstwhile bases in China and the costs of the Korean war), the Soviets provided very little funding indeed, and what

funding it did provide was entirely in the form of loans. The Chinese had to pay for each piece of Russian equipment they received.

Some argue that this failure to provide China with amounts and forms of development aid appropriate to its needs was a crucial factor in the breakdown of Sino-Soviet relations in the late 1950s. Such a finding would turn on its head a standard explanation for the interruption of Soviet assistance to China: that the political falling-out at the leadership level led to Soviet withdrawal of assistance to China. Freedman argues just this point, that conflict in the economic sphere expanded eventually to the broader bilateral relationship: "Soviet unwillingness to provide China with as much economic aid as the Chinese leaders felt they needed was a central factor in the deterioration of Sino-Soviet relations."[31]

Freedman argues a related point elsewhere: that by 1956, the Soviet Union was seeking to lay the groundwork for an end to its assistance to China. Various Soviet journal articles from this period "strongly hinted to the Chinese that they had best rely on their own resources."[32] Presenting these "hints" in terms that praised China's capacity for development, the Soviets thereby established their justification for denying China the capital aid it still needed: the Chinese did not need Soviet assistance any longer. The

result of this strategy, Freedman suggests, was a growing Chinese sense that the Soviet Union was downgrading its relationship with China in order to better pursue Khrushchev's doctrines of "peaceful coexistence" with the West.

c. Soviet Overestimation of Its Contributions to China

The preceding description of how limited Soviet economic assistance to China actually was helps to explain Chinese pique over Soviet insistence, from the 1960s onward, that the Chinese were ungrateful recipients of Soviet largesse during the 1950s.[33] In fact, Freedman cites a 1963 *Kommunist* article that dismisses Chinese compaints over niggardly Soviet aid:

> A few years ago...it was asserted that the obligation of Socialist countries that had moved forward in their economic development allegedly consisted in 'waiting' for the lagging and giving them everything that had been created by the forward moving countries, as distinct from the lagging ones. This parasitical understanding of the principles of proletarian internationalism with regard to the relations between Socialist countries was in radical contradiction to Leninism.[34]

Soviet economic relations with China, while undeniably important, were not as crucial to China's development as the Soviet Union may have believed. It is clear from the above account of the 1950s relationship that, even in the absence of financial aid, China did greatly rely on Soviet human and physical capital in the form of advisors, plants

and equipment, and technology. However, the absence of Soviet loans or grants to China in the latter half of the 1950s helped create a China that could and would stand on its own. Unlike the Soviet Union's Eastern European clients, China was not dependent on Soviet loans. Furthermore, its exports to the Soviet Union were of considerable importance to a Soviet economy chronically short of the food and consumer goods that made up the bulk of China's exports.

In fact, the rupture in Sino-Soviet relations that occured in 1960 hurt the Soviet economy in many ways, suggesting that bilateral economic relations were more important than the Soviets ever acknowledged, and consisted of far more than Soviet tutelage. Cheng notes that the break-up resulted in an immediate loss of market for Soviet goods, a particular problem given Soviet overproduction in many categories of industrial products.[35] Beijing's challenge may have encouraged--and was certainly echoed by--some Eastern European countries. Rumania, for example, maintained economic ties with China and the West while criticizing Soviet efforts to dictate Comecon policies. In addition, the losses sustained by both sides in the attenuation of their trade relations may be reflected in the fact that both countries quickly became far more interested in trading with the broader world economy. Seeking new partners to perform the economic functions which each had

previously provided for the other, the Soviet Union turned to the West for grain in the early 1960s, while China began seeking industrial technology in Japan and Western Europe.

B. THE INTERIM PERIOD (1960-1990)

As noted in the previous section, the Soviet Union and China began to turn to other trading partners to meet the needs no longer met by Sino-Soviet ties. The readiness with which both sides moved into new trading partnerships for essential goods is indicative of a constant theme in bilateral trade relations: the traditionally marginal nature of the Sino-Russian trade relationship. The extent of China's actual isolation and the necessity of its reliance on the Soviet Union in the 1950s is also brought into question by the speed with which new partners were found: China's near-total abstention from trade outside the communist bloc might well have been abandoned fairly easily at an earlier date if trade with the Soviets were not predicated upon countertrade rather than hard currency exchange. The Western "embargo" of Communist China was probably vulnerable from its very beginning.

While the Sino-Soviet split did harm the economies of both countries, and although technological development in China was clearly set back by the withdrawal of

Soviet advisors, the economic relationship was not of such significance that it could bring the two sides to a reconciliation, even when one of the sides was actively campaigning for a resumption of economic ties. The Soviets on more than one occasion during the long decades of estrangement offered to renew bilateral economic arrangements and technical assistance as a way to reopen ties through that relatively neutral channel, avoiding intractable ideological and nationalistic contradictions. In late 1963, Freedman notes, Khrushchev sought to ease the increasingly tense Sino-Soviet relationship through economic incentives, offering renewed trade and technical aid "to create favorable conditions for normalizing relations in other fields."[36] Mao not only refused the offer--citing Chinese concern over Soviet reliability--but suggested ironically that the Soviet Union might wish to receive Chinese technical tutelage.[37] Initial negotiations to end the dangerous military confrontation along the border rivers in 1969 included Soviet offers to reinitiate trade ties. Once again, the Soviets saw the reopening of trade ties as a way to make at least some progress in defusing bilateral tensions: reaching agreement on "such 'easy' issues as trade relations first in order to create a positive atmosphere for solution of the far more difficult border question."[38]

While the Soviets sought periodically to renew economic ties, they might well have regarded the break in relations as a fairly welcome development from the narrow perspective of the Soviet international aid experience in succeeding decades. The break in economic relations did relieve the Soviets of a very large and needy economic client just at the time that the growth of the Soviet economy began to slow significantly. As Graziani points out in his discussion of Soviet aid programs in *Gorbachev's Economic Strategy in the Third World,* "in an attempt to sustain some of the poorest countries in the world, they drained a Soviet economy already plagued by declining growth rates."[39]

Another almost immediate effect of the near cessation of Sino-Soviet trade in the early 1960s was the abandonment of the infrastructure that had been built up on both sides of the Sino-Soviet border to accommodate overland trade. As James Moltz points out: "The economic effect of these years of military and political confrontation brought the destruction of a whole network of railways, roads, bridges, and infrastructure ties that had made broad Sino-Soviet cooperation in the 1950s possible."[40] Work to rebuild these structural facilities would not begin until well into the 1990s, helping to keep Sino-Soviet border trade at relatively low levels (by international standards) despite warming relations in the early 1980s.

The make-up of Sino-Soviet trade, although vastly reduced in volume from its highest levels in the late 1950s, remained remarkably consistent over succeeding decades. While strategic materials and technologies were no longer exchanged, the pattern established in the late 1950s of Chinese consumer goods and light industrial products flowing to the Soviet Union in exchange for Soviet raw materials[41] persisted into the 1980s and extended into the 1990s trade relationship. Graziani points out that during the 1980s, Sino-Soviet countertrade included exchanges of Soviet raw cotton for Chinese textile products,[42] while "Chinese bearings, automobile batteries, and handtools" were also sold in the Soviet Union.[43]

The notable aspect of this trade composition is not that the Soviet Union was exporting large quantities of raw materials to China, for this was always a basis of the Soviet foreign trade. Rather, it is noteworthy that a significant portion of China's exports to the Soviet Union from the early 1960s to the end of the 1980s were precisely those types of products--processed foods, consumer goods, replacement parts--that the Soviet economy could never produce in sufficient quantities for its consumers. A description of Sino-Soviet trade circa 1990 shows how consistent and pronounced these patterns had become: Soviet exports to China were dominated by steel, timber, minerals and metals,

with automobiles and planes only making the list by virtue of their relative cheapness. Chinese exports to the Soviet Union were chiefly composed of meat, fibers, processed foodstuffs, textiles, handtools, parts, machine tools, and labor services, with a complementary exchange of minerals and metals.[44]

By the late 1980s, many signal changes had occured in the bilateral economic relationship. For the first time since World War II, Soviet authorities began in 1987 and 1988 to allow and even to promote true joint ventures with foreign firms, both within the Soviet Union and abroad.[45] Given the Chinese government's contemporaneous promotion of joint ventures as an economical means of acquiring advanced manufacturing technology, this Soviet initiative was to place the USSR in direct competition with China for international investment, establishing a pattern that has survived into the post-Soviet period.

It must also be stressed that, although bilateral trade grew most dramatically in the early 1990s through an explosion of "suitcase" and other informal channel trade, Soviet and Chinese authorities had stepped up trade through formal channels as early as the mid-1980s. A 1990 press account notes that the total value of bilateral trade for the period 1986-1990 was double the value for the seventies. While trade remained low by

international standards given the size of the two economies, the slowly revitalizing trade relationship of the late 1980s laid the groundwork for the rapid growth of Sino-Russian economic relations in the early 1990s.

C. SINO-RUSSIAN TRADE RELATIONS IN THE 1990'S

1. Milestones of the 1990s Relationship

While official trade had markedly increased in the late 1980s, the bilateral initiative that ushered in the era of revived Sino-Soviet trade was the successful negotiation in 1990 and 1991 of a deal whereby China would receive Su-27 advanced fighter aircraft, as discussed in the previous chapter. The deal was highly significant from an economic perspective. First, the sale of these fighter jets to China, later accompanied by the technology to build them in China, represented a huge potential savings to a Chinese military aircraft industry which was expensively splintered into many different but largely parallel development programs, none of which was close to producing an aircraft with current-generation capabilities. Second, the deal involved the same countertrade techniques that had characterized Sino-Soviet trade ties in their heyday, indicating that, at least for the time being, the old ways of doing business in the communist bloc still had their utility in the 1990s. Third, the fighter sale--and sales to other states that quickly

followed--translated into a softer landing for those parts of the Soviet military-industrial complex involved in producing the plane and its components. These industries, employing a large portion of the Soviet workforce in defense industrial centers across the country, were facing drastic cuts as Moscow simultaneously withdrew from its role as a provider of free arms to revolutionary movements worldwide and drew down the Soviet military's own profligate military requisitioning schedules. The day of reckoning for thousands upon thousands of redundant workers was thus put off somewhat by foreign sales that carried a promise of real payments. Finally, the deal established a pattern for Sino-Soviet and Sino-Russian trade relations in the 1990s: China was able to effectively supplement its already large trading ties with the West (only briefly slowed by the sanctions that followed the Tiananmen Incident in 1989) with specific commodities (such as fighter jets) which it had no hope of acquiring except from the Soviets. In turn, China could pay for these large-ticket defense items through countertrade, an option not available in its trade with the West.

The period of 1992-1993 saw an explosive growth of cross-border trade, marking a new stage in the resumption of trade ties. In the townships along the riverine borders of Manchuria and the Russian Far East, a "wild west" capitalism sprang up involving street

markets and unguaranteed barter deals between Chinese and Russian production and trading companies.[46] Chinese traders poured into the cities of Russia, selling inexpensive consumer goods at irregular markets throughout the country. While they received less attention, Russians also took advantage of a newly eased border-crossing regime to sell all manner of Russian exotica in the open-air markets of the Chinese border cities.[47]

Sino-Russian cross-border trade during this period has been viewed as advantageous to both the central authorities and individual citizens of the two countries. For Russia, the introduction of inexpensive Chinese consumer goods and commodities through alternative markets during this period meant that the withdrawal of government subsidies for many consumer goods was not as traumatic as it might have been for consumers. Chinese traders were said to have been amazed at the voraciousness of the Russian consumer's appetite for everything from canned foods to plastic bowls. For China, the border trade provided new opportunities for Chinese traders as well as an outlet for superfluous Chinese workers in the northern provinces, many of whom found contract labor positions in the Russian Far East.

The years 1993 and 1994 saw a pronounced official backlash against the excesses of the freewheeling cross-border trade of the previous two years. From the Russian per-

spective, it appeared that the Chinese had taken advantage of the large barter component of the Su-27 deal to foist off poor-quality goods in payment for the high-tech aircraft. Further progress on the Su-27 deliveries was called off for a time until the barter arrangements could be renegotiated. Another important issue affecting cross-border trade was the increasing unease of local Russians and Moscow authorities over the vast numbers of Chinese that appeared to be "colonizing" the Russian Far East. Even cooler heads not panicked by visions of "the Yellow Peril" saw that it was time for a more stringent and properly codified border-crossing regime. Although a new requirement for an "invitation" from a Russian firm before an entry visa could be issued to a Chinese trader was apparently easy to circumvent, the establishment of such regulations did slow the influx of Chinese without legitimate business in Russia. Other issues that concerned authorities on both sides of the border were the dramatic increase in "hooliganism" and organized crime in the border regions of both countries, an increase in accusations against Chinese traders of sharp business practices and unfulfilled contracts, and a sense among many Russians that sales of Siberian minerals to the Chinese was tantamount to the plundering of a Russian birthright.

Thus, from 1994 onward, a maturing trend in Sino-Russian economic relations, largely imposed by government authorities, has dampened the initial vitality of the bilateral economy. Retrospectives on the decline in "unregulated, highly profitable, and primitive" trade practices identify many factors responsible for the downturn. A growing Russian perception that steel and fertilizer were "strategic" Russian products not exchangeable for Chinese consumer goods coincided with the imposition of Chinese macroeconomic controls to cool off an overheated domestic economy, sharply lowering demand for such Russian commodities as cement and rolled steel.[48] Concerns over the quality of Chinese products grew at the same time as the availability of Russian commodities and consumer goods improved. At the same time, both countries' governments adopted policies that rejected barter trade as inappropriate to two economies seeking integration with the world trading system. However, in the absence of hard currency liquidity or bilateral bank settlement arrangments, potential trading partners on opposite sides of the border have no means of making good on their mutual obligations now that countertrade is no longer an option.[49]

Perhaps most significantly from a long-term perspective, Chinese businesses and economic planners may be coming to the realization that Russia is not destined to become

a major Chinese trading partner in the foreseeable future. Despite high-profile weapons sales and power plant projects, Russia accounts for less than two per cent of China's global trade.[50] As a 1996 article points out, "Russia can't help the Chinese economically in any major sense - it's not a major export market like the United States is for China."[51] Large-scale regional development projects involving China and Russia--such as the Tumen Delta Development Zone-- appear to be languishing, and China's economic relations with the former Soviet republics of Central Asia appear far more dynamic than its largely stagnant relations with Russia.

Still, the last several years have seen some positive developments in the Sino-Russian economic relationship. The growth of modern transportation and communications facilities between the two countries has included not just the renovation of rail, highway, and waterway links but the initiation of cargo airline service between Chinese and European Russian cities in late 1994.[52] In addition, there appears to be enormous potential for Russian engineering firms to undertake infrastructure and power generation projects in China. China is faced with marked deficiencies in both areas and might employ Russian firms far more cheaply than their Western counterparts. Such deals

would also be welcome in Russia, where they would entail profitability and employment in the nascent Russian commerical sector.[53]

2. Characteristics of Sino-Russian Trade in the 1990s

a. The Orientation of Chinese and Russian Trade

An examination of trade statistics for these countries for the first half of the 1990s suggests a number of important factors affecting the relationship (See Table 4.2).

Table 4.2 International Trade[54]
(in millions of U.S. dollars)
(After *Direction of Trade Statistics Yearbook*, Washington: International Monetary Fund, 1996, p. 4)

Year	China		USSR/Russia	
	Imports	Exports	Imports	Exports
1989	73,166	52,024	55,024	59,531
1990	88,578	49,052	50,137	54,153
1991	112,664	61,785	48,257	44,341
1992	136,261	81,866	17,744	12,182
1993	156,114	108,318	43,045	28,929
1994	191,198	120,686	61,199	39,574
1995	213,880	147,039	76,244	48,797

Starting off at similar levels in 1989, international trade volumes for the Soviet Union (and its Russian successor state) show a steady decline relative to China,

although they have increased in absolute terms after bottoming out in 1992, the first tumultuous year after the Soviet Union's dissolution. By 1995, Russian trade volumes in both import and export categories were only about one-third as large as China's. These patterns clearly derive from China's longer experience as a participant in the world economy and Russia's difficulties in reforming an economy torn apart by the Soviet disintegration. What the pattern also strongly suggests for the longer term, however, is that China is increasingly oriented toward integration with the world economy while Russia has done little more than recover to its 1989 level of trade activity.

These figures also indicate that imports were outstripping exports in both economies over the last half decade. This disequilibrium in imports and exports is largely attributable in both cases to the purchase of relatively expensive technical capital from the West as these countries seek the industrial efficiency that will make them internationally competitive. The salient point from this observation is that the two countries are not, as a rule, seeking these technical fixes for their modernization drives from one another but from state-of-the-art sources in the West.

Another set of statistics for the same period (Table 4.3) provides a more direct means of assessing the orientation of Chinese and Russian trade, which is decidedly not in the direction of increasing Sino-Russian economic integration.

Table 4.3 Chinese exports to and imports from Asia, Europe and Russia[55] (in millions of U.S. dollars) (After *Direction of Trade Statistics Yearbook*, Washington: International Monetary Fund, 1996, p. 4)

	Chinese Trade with Asia		Chinese Trade with Europe (Russian component)	
Year	Exports	Imports	Exports	Imports
1989	37,908	25,319	3,182 (1,849)	4,099 (2,147)
1990	45,632	26,716	2,832 (2,048)	3,293 (2,213)
1991	55,291	35,213	2,206 (1,823)	2,766 (2,081)
1992	63,951	45,994	3,178 (2,337)	4,641 (3,512)
1993	54,354	53,245	3,894 (2,692)	7,268 (4,986)
1994	76,201	57,542	3,108 (1,578)	5,740 (3,466)
1995	95,463	66,465	3,734 (1,674)	5,531 (3,799)

An examination of the figures above shows Russia's marginal role as a Chinese trade partner. There was no significant rise in China's overall trade volume with Europe generally (the geographical category in which Russia appears in World Bank statistics) or Russia specifically for the period 1989-1995, although Russia clearly represents the lion's share of China's trade with Europe. In contrast, China's trade with East Asia has grown steadily in recent years; more specific data from this source indicate

that the great majority of this trade is conducted with Japan, South Korea, Singapore, and Taiwan.[56] China's trade volumes with Russia are only about 10 to 20 per cent of its trade with the developing countries of East Asia, and do not even match China's levels of trade with the individual East Asian trading partners listed above. Finally, a long-term imbalance in favor of Russia appears to be emerging in the bilateral trade figures in recent years as the channels through which Chinese products entered the Russian market in the early 1990s were restricted.

Other, less calculable factors, also tend to keep Russian and Chinese trade oriented away from one another. While China has been included in every major Pacific Basin economic forum established since the mid-1980s, Russia finds itself marginalized within or excluded from such fora.[57] Overseas Chinese in East Asia, one of the engines of China's economic growth, help keep China oriented toward a strategy that seeks prosperity through international trade. There is no equivalent Russian diaspora of entrepreneurs and technicians with strong ties to the motherland and a desire to assist in its development. Within Russia itself, a widespread distaste for commercial activity, reinforced by seventy years of communist suppression and other indigenous factors, gives

rise to caricatures of Chinese in the popular press as sharp, money-grubbing operators eager to exploit Russia's natural riches.

b. State Management and the Politicization of Economic Relations

Despite efforts at privatization in Russia and the progressive localization of economic decision-making in China, the state in both countries retains enormous leverage in strategic economic decisions. While the state may play a decreasing role in setting the terms of trade between firms on opposite sides of the border, it is still capable of exercising control through negative sanction, that is, by effectively obstructing trade that it regards as undesireable. At least so far in the Sino-Russian trading relationship, patterns of state behavior--an insistence on hard currency trade when the financial arrangements necessary to such trade do not exist in either country, under-developed and under-regulated financial sectors in both countries that make the funding of Sino-Russian joint ventures impossible--undermine the growth of long-term strategic cooperation in economic affairs. In fact, firms in both countries seek joint venture partners primarily in the West and the other countries of East Asia, where their reputable foreign partners can obtain financing through well-established funding sources; Chinese and Russian industries are more likely to be in competition with one another for such foreign partners than

cooperating with each other to build Sino-Russian joint ventures. At least in the near term, deals between Chinese and Russian businesses may also be expected to follow a pattern, described by Richard Hornik in describing China's "hot money" economy, that is obviously anathema to long-term integration of the two economies:

> Profits are illegally siphoned off from quick-fix ventures, then injected into new speculative schemes or sent abroad, but always with the primary goal of hiding revenues from Beijing. This get-rich-quick risk-taking eschews the kinds of long-term projects that might nurture sustainable growth....[58]

State intervention in trade promotes the politicization of economic relations in inumerable ways, both domestically and internationally. As Michael Burawoy points out in a comparison of the Chinese and Russian economies, transitional policy choices can make all the difference in determining whether a firm will seek subsidies or profits:

> [In China,] the county, township, and village administration have the autonomy and interest to work out their strategy of development because they are subject to hard budget constraints from above.
>
> In Russia, by contrast the center still strives to be the residual claimant, struggling to maximize appropriation in order to redistribute. Following this redistributive logic, instead of investing in local accumulation, the region expends political energy trying to maximize what it obtains from the center and minimizing what it gives up.[59]

There are obvious contradictions between the objectives of economic actors in these two models, suggesting that cooperation between Russian and Chinese firms might be severely complicated--and limited--by the very different principles upon which each operates. In practice, state authorities on both sides must still see the macroeconomic, political, or personal benefit of a Sino-Russian joint venture before its promoters can hope to acquire the necessary financial and political support to facilitate its establishment.

One might also consider whether ulterior motives did not prompt Russian authorities to take measures in the 1993-4 period that were certain to suppress not only cross-border trade but the growth of trading arrangements between individual Chinese and Russian firms. Far from being a pure economic decision, it appears that increasing domestic political pressure over perceived Chinese inroads into the Russian economy made it politically imperative that government leaders respond in some clear fashion. Russian fears of seeing their Asian territories overwhelmed by the Chinese are centuries-old, but have found expression in the post-Soviet period in various forms: images, purveyed by Russian politicians and journalists, of Chinese immigrant hordes washing over the Russian Far East; a form of self-hatred that sees Russia and the Russians

as forever vulnerable to the more clever and entrepreneurial Chinese; the loss of a Russian "birthright" to the Chinese in the resource-rich Far East.

c. Non-Complementarity

Many opportunities no doubt exist for complementary economic relations between Russia and China. Any two such large countries could be expected to have an abundance of potentially complementary sectors, of which China's unparalleled human resources and Russia's wealth in natural resources are only two of the most obvious. However, in addition to the problems of market orientation and trade dysfunctions identified above, there are several fundamental incompatibilities that prevent the two sides from exploiting the complementarities that do exist between them.

First, both economies are still dominated, albeit to a declining degree, by large state-run firms. These firms are a legacy of the emphasis on heavy industry and military preparedness that characterized both economies as late as the 1980s. Significantly for the outlook for Sino-Russian integration, Chinese state-run firms are most heavily concentrated in northern China, the very region in which Russian firms are most able to establish cooperative ventures. The prospect of trade between these large Chinese and Russian firms--producing heavy machinery, weapons systems, chemicals and the

like--present particular problems for managers on both sides of the border. The central issue is the unprofitability of these firms and the extent to which they are propped up by both states to prevent massive layoffs that would threaten the social order. While state subsidies for these firms may be justified in the minds of the political leadership on behalf of social harmony, further subsidization of losing interests in the name of Sino-Russian synergy does not appear to be a rational option.

A second incompatibility is that the principle of comparative advantage operates between these two economies on a very intermittent basis, primarily because bilateral trade is not at all "free." State-perceived demand must be at a very high level for reciprocal advantage to become meaningful in bilateral trade. For example, Russia--especially the Russian Far East--was deeply needful of the sort of consumer goods which China was producing in cheap and readily exportable quantity in the early 1990s. At the same time, China was more than ready--after decades of producing inferior military aircraft at enormous cost--to advance dramatically the technical level of its forces with the purchase of Russian military aircraft. For a time, the sheer force of necessity did make the relative advantage that each country possessed in a particular category of product operate according to free-trade principles.

Russia and China failed to move beyond, or even sustain, this nascent exploitation of reciprocal advantages for a number of reasons. Unlike the 1950s, both countries now have access to Western and other internationally traded goods and commodities, making bilateral trade a very selective process: the Russian or Chinese advantage in producing a particular item must now compete with the comparative advantage of many foreign producers. Then too, the "complete economies"--producing virtually all industrial goods without regard to efficiency--which decades of central and autarkic planning have built in both Russia and China are particularly resistant to the operation of comparative advantage, at least at the current stage. Furthermore, when one of the states declares certain goods "off limits" for exports, as Russia did in identifying "strategic resources," it makes the demonstrable advantage of exchanging Russian raw materials for finished Chinese products a moot point. Finally, the "complementarity" of Russian and Chinese industrial products--often mentioned during official exchanges--appears to begin and end with weapons production. Only in this field did China consciously follow Russian standards during their long decades of isolation from one another, so that today some Chinese weapons show clear signs of a Soviet heritage.

There is little evidence of Chinese adaptability to Russian industrial standards outside specific military areas.

D. COOPERATION IN THE 1990'S: POSITIVE FACTORS

The previous section enumerated many characteristics of Russo-Chinese trade that do not bode well for the long-term growth of economic relations; in fact, there are a number of potentially positive factors in the overall economic relationship that deserve mention here.

As already discussed in the chapter on military technology exchanges, the potential for sales of advanced Russian technology to China has not been exhausted by the deals struck to date. There are admittedly many limitations to such trade, such as the difficulty Russia will face in competing with Western military technology in the years to come as well as domestic political objections to the narrowing of Russia's technical advantage over the Chinese military through weapons sales. China's military-industrial complex may also be able to efficiently clone selective purchases of Russian technology throughout its forces rather than buying multiple copies of a new system. On the civilian side of the technology exchange relationship, there appears to be considerable room for Russian participation in

infrastructure and high technology projects in China. As noted earlier, the relative cheapness of Russian bids may be attractive to Chinese planning authorities.

James Moltz points out two potential areas of growth in bilateral economic cooperation. First, regional leaders in the RFE could--rather than continuing to look to Moscow for subsidies--establish a far more promising basis for economic growth by "engaging regional Chinese governments in more effective cooperative arrangements."[60] Second, he argues that "while the new border regulations instituted in January 1994 have resulted in a short-term reduction in overall Russo-Chinese trade, they could--if regional political tensions can be kept in check--lay a better groundwork for more favorable long-term economic relations."[61]

In a separate article, Moltz argues that Russia's post-Soviet economic development path will be more similar to China's than to Western approaches based on free enterprise. The Russian government is likely to take the leading role in directing national economic development: "Instead of following the West, Russia may move closer to the East Asian model of mixing small-scale privatization with the marketization of state enterprises, using indicative-type central planning and channeled state investment to revive its economy and build new export industries."[62]

Subsequently, Moltz notes that China has been actively advising Russia to follow its economic model. He also suggests that similarities of size, scale, and historical experience offer better chances for economic learning, and that labor migration is a potentially valuable resource to both economies.[63] Moltz observes that, with "Western aid promises remaining largely on paper, the prospects of forging new ties with a growing economy on its border became much more attractive to Russia" and points out that Russia's trade with OECD countries shrank in the first half of 1993 while its trade with "less democratic, non-Western" trading partners increased significantly during the same period."[64]

Other positive aspects of the relationship require greater qualification when assessing their potential for promoting further cooperation. For example, the countertrade deals that have been advantageous for Russia and China in some respects (in that they allowed the deals to go forward at all) are fatally flawed from a longer-term perspective. Even if such bilateral trading arrangements were to somehow regain the popularity they enjoyed in the early 1990s, they are a very inefficient means of trade. Such techniques have only slowed the processes of rationalization and marketization that will be necessary for Russo-Chinese trade to become more than a marginal component in either economy.

China's ability to upgrade its military and civilian technical bases with relatively cheap Russian products promises much the same sort of savings in development costs as the 1950s relationship made possible. However, the persistence of this "good deal" for China in the 1990s will depend upon many uncertain factors. The most significant of these for the development of long-term economic ties is probably the question of whether Russia's civilian technology exports will remain attractive. Many analysts believe that Russia's technical products are sure to fall behind their Western counterparts and become less internationally competitive.

The temporary nature of the advantages offered by development cost savings for China probably also apply to the short-term benefits which Chinese purchases brought to a struggling Russian military-industrial complex in the early 1990s. Many of the weapons sold by Russia at cut-rate prices in this period were taken out of an oversaturated inventory system, with proceeds used to keep huge weapons plants open and workers there employed. As the most efficient of these plants undergo conversion to civilian production with much reduced staffing, the importance of large-scale purchases by China has already diminished for this large sector of the Russian economy. The same can be said of the "suitcase trade" of consumer goods from China that sustained the Russian Far East

during the early years of the post-Soviet period. Although this trade eventually was restricted, it served the interests of both sides while it was allowed to flourish. In fact, Russian researchers Vadim Shabalin and Vladimir Portiakov portray a Russian economy which, restrictions notwithstanding, may still need Chinese goods over the near term to make up for shortages:

> Russia now has an economy that is unbalanced to an even greater extent than that of the Soviet Union...While generating nearly 60 per cent of the Union's national income, Russia produced 51 per cent of its meat, 35 per cent of its vegetable oil, 30 per cent of its sugar, etc. Today the country's economy has been greatly hamstrung by the rupture of the old economic ties that has intensified the existing structural disproportions.[65]

There may also be some complementarity in Sino-Russian trade because of China's large-scale borrowings from Soviet-style economic institutions and conventions in the 1950s and their persistence in subsequent decades. These borrowings include codes governing the status of natural and juristic persons, the Soviet model of trade relations by treaty (in which the goods to be exchanged are specified), trade missions, trademark and patent laws, and arbitration clauses.[66] This institutional kinship may be less effective over time in facilitating trade, but it probably still has some positive effect at present.

Gerald Segal argues in his 1994 article, "China's Changing Shape," that Beijing welcomed better economic relations with the Soviet Union and then with Russia because

of the "benefits of regional interdependence." Trade relations with a continental neighbor gave internal regions of China the opportunity to participate--at least to some extent--in the opening of the economy to foreign trade.[67] Trade with Russia will give Chinese in the Northeast a stake in promoting and maintaining good relations with Russia.

Finally, as Lincoln Kaye argued in 1992, projects such as the Tumen Delta Development Zone may one day "provide insurance for Northeast Asia's trading dynamos against any future protectionist...lurches by such groups as the EC and NAFTA countries."[68] As with virtually all of the "positive factors" cited in this section, however, the advantages possible through regional cooperation are only potential; the two countries will need to overcome many intrinsic obstacles to achieve significantly greater cooperation.

E. COOPERATION IN THE 1990'S: NEGATIVE FACTORS

In addition to the negative factors discussed in the previous section, "Characteristics of Sino-Russian Trade in the 1990s," there appear to be three major factors in the economic relationship that may be expected to obstruct future progress. These are the historically marginal nature of Russia's economic presence in East Asia, institutional gaps that will prevent the development of a rational trading regime between

the two economies, and the political difficulties inherent in China's economic relations with the Russian Far East.

Russia has never been an economic power in Asia. The upsurge in trade with China in the early 1990s that made it seem an emerging power in the region was mostly a function of the Russian Far East's underdevelopment: for a time, the RFE became a hungry market for Chinese consumer goods and a source of raw materials for China, but this was ultimately unsustainable. China looks to Russia to supplement--not replace--its principal economic relationships with the West in specific and limited ways: as a source for raw materials and certain high-technology items, and as a relief valve for Chinese workers. Unlike its pariah status in the world economic system of the 1950s, China is no longer embargoed, and can purchase Western alternatives in virtually every industrial and technical field save weaponry. In most of these fields, Russia has competitive disadvantages or lagging technology.

Although the two sides often highlight supposed compatibilities between their two economies, such compatibilities are in fact largely spurious, with the notable exception of some parallel development in Soviet-era defense technology. Both countries have complete economies with internal incentives to retain large numbers in their military

industrial complexes. As already noted, comparative advantage operates only at the extremes of the two economies' technical spectrum: between Russian high-tech weapons and Chinese low-tech consumer goods. An economic complementarity table published by a Manchurian institute and printed subsequently in the *Far Eastern Economic Review* is instructive. Although the table compared several different Northeast Asian economies in its original form, juxtaposing the Manchurian and Russian entries by themselves shows that, in nine categories of economic attributes, the Chinese themselves see significant complementarity in only two: China's labor surplus and greater agricultural productivity.[69] Shabalin and Portiakov devote considerable space to the supposed complementarity of the two economies. China is far ahead of Russia by such crucial measures as volumes of foreign trade, consumer electronics, cement, textiles, machine tools. Russia, by contrast, leads only in milk and oil.[70] China does not use much of the first and generally substitutes coal for the latter.

As shown in the earlier tables, China's trade with Asia far exceeds its trade with Russia and is growing, while its trade with Russia remains uneven and largely stagnant. Although Russia is the largest European trader in China, its trade volumes are dwarfed by China's trade with Korea, Singapore, and Taiwan, and are roughly equal to its trading

relationship with Thailand. China's growing orientation toward East Asia, as exemplified by its membership in every major regional forum and economic association, is simply not shared by Russia. Peter Mozias argues in a 1994 article on prospects for the Russian and Chinese economies that China is more favored in the process of East Asian economic integration because "integration patches involving countries with different levels of development are usually based on bilateral relations. These processes are especially dynamic in the case of ethnically similar countries...Owing to the geographical position and set of relative advantages, China has better chances of becoming a member of various integrational groups than Russia. China can be involved in integration processes both on its own southern border and in Northeast Asia," whereas Russia's options appear limited to North China.[71] As Segal argues, unlike Overseas Chinese investors from East and Southeast Asia, Russians do not have the connections elsewhere in China to pick and choose regions where the terms of trade are optimal: they remain stuck in the North.[72]

In fact, it can be argued that the RFE's economic future lies with the countries of East Asia, where it has access to markets and economical transportation links. This may be true for Central Asia as well, where it is unclear how the former Soviet republics will align themselves economically. Shabalin and Portiakov argue that with the Asian part of

Russia "thrown into the lap of the booming Asia-Pacific economy, of which China is a part, the Russian economic body could be torn apart, with consequences now difficult to predict."[73] What can safely be said about this still uncertain situation is that strategic relations between the two states are unlikely to benefit from an economic dimembering of Russia in which China plays a central role.

There are also a number of simple but nonetheless serious limitations on the growth of Russo-Chinese integration. For example, according to World Bank figures for 1993, China's per capita income was only about one-sixth the size of Russia's; although there are many ways of adjusting for purchasing power parity between the two countries, it is obvious that the relative poverty of China's people will limit the opportunities for trade considerably. The extreme overland distances between most Russian manufacturing centers and China also greatly limits the potential for cooperative trading ventures, since transportation costs often make otherwise profitable deals untenable. Finally, as Shabalin and Portiakov note, "the spirit of competition has not been completely purged from the relations between the two countries. Chinese analysts, too, admit as much."[74] The relative success of either economy at the perceived expense of the other is always a potential basis of "self-reliance" rhetoric and policies.

The difficulty of transporting goods between the two markets is related to another category of factors limiting trade: the near-absence of trade-facilitating infrastructure and institutions in either country. The movement of goods across the border is primarily small-scale, opportunistic, and regional. Containers full of goods are not moving smoothly or in great quantities between the two countries through formalized channels, and such trade cannot develop without more sophisticated facilities in terms of finances, infrastructure, and legal codes.

Because of the problems they face in accumulating capital and the untrustworthy nature of the Russian currency, firms in Russia lack the capital to enter into long-term cooperative relations with Chinese partners. Richard Hornik argues in a 1994 article that, with "hyperinflation fueling a bubble economy," Chinese companies are similarly unable to conduct hard currency-based trade with Russia.[75] Deals tend to be finite in scope, with no long-term trade arrangements. Commitments are ad hoc and derive not from long-term strategic interests but short-term advantage and profitability. As Hornik points out, the Chinese in the 1990s have tended to eschew long-term projects that might nurture sustainable growth. This is true for both foreign partnerships and purely domestic ventures.

Mozias points out that Russia and China will be competing with one another for markets and foreign investment for years to come, a situation hardly conducive to increased cooperation:

> Over recent years, China has been increasingly successful in competing against ASEAN countries keen on attracting foreign investment...investment flows to China where the1992 amount was almost five times more than the 1991 level....The fact that most countries in the region depend on oil imports will encourage investment in the few oil exporters [including] China.... In the circumstances, it is hardly plausible to expect any major investment flows to Russia in the near future. Apart from the obvious faults of the domestic investment climate, here [in Russia] the stiff competition on the part of other recipient states will see to it that investors take their capital to those countries with terms considerably more tempting than anything Russia can offer.[76]

Despite its poor prospects for integration with the East Asian economy, Mozias suggests that Russia will be trying to enter East Asian markets as a competitor with China:

> Internal Asian trade in APR [Asia-Pacific Region] total trade is expected to go up to 55 per cent from 42 per cent in 1990. In part, the growth will apparently be due to Russia's more active trading abroad, for its competitive advantages (first of all, the advantages of its natural and technological potential) can be most readily made use of by exchanging goods with "lower floor" countries.[77]

Finally, traditional Russian apprehension over the Chinese "yellow peril" may increase the likelihood of a strong popular reaction in Russia against the economic integration of the RFE and Central Asia with China or East Asia in general. This is

especially likely if, as is generally predicted, the region becomes less culturally and economically tied to European Russia. Russian leaders must also be sensitive to the appearances of trade with China in the public's perceptions: popular resentment may spark unrest and attacks on Chinese nationals if the terms of trade and the commodities involved make China look like a colonial exploiter of Russia's "birthright." Even Russian economists such as Shabalin and Portiakov appear to betray a nationalist bias in their arguments that the RFE should not be allowed to become a primary material appendage of China, that the Trans-Siberian Railroad needs to be expanded, and that sufficient labor for the development of the RFE must come from Russia.[78] This is clearly a recipe for economic inefficiency whose singular appeal is to nationalist sentiment: China is a natural market for the RFE's resources, the Trans-Siberian Railroad is moribund and inefficient even in its current, relatively streamlined form, and large-scale projects such as pipelines or the Tumen Delta Development Zone will require mostly Chinese workers and bring about further sinicization of the RFE. As a Western diplomat characterized the outlook for regional cooperation on the Tumen Zone in 1992: "These [Northeast Asian] countries are hardly as cosy with one another as a trio of U.S. states...The UNDP may be asking all the right questions in its preliminary studies, but the outcome won't necessarily depend

upon nice, rational, technocratic answers. Fluky, irrational, unpredictable politics, more likely."[79]

F. ESSENTIAL QUESTIONS ON THE ECONOMIC RELATIONSHIP

The types of questions posed at the end of the preceding chapter regarding the potential of growing cooperation in defense technology are relevant for the economic relationship as well. As in the preceding case, these questions are argued positively or negatively on the basis of the available evidence, with a summation at the end evaluating the significance of these findings for this area of the cooperative relationship.

Does the economic relationship have staying power?

At first glance, it appears that Russia and China do share many advantages from bilateral trade which will tend to reinforce cooperation. As already mentioned, China should enjoy considerable savings in research and development from its purchase of advanced Russian weapons systems and civilian technologies as well as from acquiring the manufacturing capability for many of these products. Both sides have the potential to benefit from Russian infrastructure projects in China.

However, these examples do not justify optimism over the long-term outlook for bilateral economic relations. By virtue of its leap across generations of technical

development in selective purchases from Russia thus far, China has reduced the advantages offered by further purchases simply because it has come dramatically closer to Russian levels of technology. This would not necessarily mean a diminution in economic relations and mutual advantage if Russia could be expected to continue moving well ahead of China in key technologies. In fact, it appears that Russia will be very hard-pressed to keep the technical level of its products advancing at a sufficiently rapid pace to compete with the West for the China market; rather, the relatively low prices of Russian goods are likely to be associated increasingly with previous-generation technology and relatively low levels of quality.

It is also worth noting again that countertrade, which offered mutual advantages in the early 1990s, quickly fell out of favor on both sides of the border. Unregulated border trade, while lucrative for many of those involved, has also been stymied by greater government discipline and control. In like manner, the Russian military-industrial complex was saved from insolvency temporarily in the early 1990s by deals such as China's purchase of the Su-27 aircraft. The more efficient firms of the former Soviet MIC are now well along in their defense conversion efforts, and are not as dependent on the sale of weapons systems for survival. At the same time, both economies appear to be suffering

the effects of short-term deals and the movement of profits overseas, trends which will work to the detriment of long-term growth in Sino-Russian cooperation. Finally, as argued above, the two sides have failed to exploit and expand upon the reciprocal advantages that do exist in their economies.

Are Russo-Chinese economic relations special or unique?

Many authors have argued that improvements in economic relations between these countries are part of a trend toward a broader form of alignment. The evidence presented in this chapter suggests that the relative normalization of economic ties between the two countries in fact is limited to a few areas in which China and Russia can economically obtain goods from one another that they are effectively denied by more preferred providers in the West, whether because of political embargoes of desired weapons technology (China's case) or the realities of a weak trading position (Russia's apparent rationale in exchanging Su-27s for consumer goods.) China especially, but also Russia, remains oriented primarily toward the West as technology-importing economies. There is nothing unusual about this: sidestepping embargoes and foreign government regulations to acquire technology is a feature of China's relations with many countries; Russia's sales

of weapons systems in the developing world since 1992 have proceeded on the same bases as its trade in these products with China.

China and other East Asian countries enjoy trade relations with the newly independent states of Central Asia that appear far more dynamic than their economic ties with Russia. And Russia is decidedly outside the processes of regional integration that are taking place among the East Asian economies. If Russia's economic relations with China are unique, they are unique--with the possible exception of North Korea's--among China's neighboring economies in their comparatively slow growth, if not stagnation.

How important is the economic relationship to each side?

As argued above, the Chinese and Russian economies remain important to one another in narrow technical fields, but no synergy has developed that promises to expand cooperation or trade beyond those confines. While regional cooperation between north China and the RFE could become very important, it is at present only potentially so, and must be encouraged if it is to become a significant factor in the economies of the two regions.

How would further reforms affect the relationship?

Although there are too many variables involved to allow for fruitful speculation on how relations would be affected if one or both sides proceeds further with market reforms or opening to the international economy, at least three observations can be made about this prospect. First, for the foreseeable future, it appears that any further integration with the world economy by either country would tend to marginalize the other because of the relative inefficiencies in bilateral rather than multilateral trade. Second, reforms that diminish state interference in the financial and commercial sectors of the economy may allow economic actors to operate in a more rational environment. Long-term planning, crucial to industrial cooperation between Chinese and Russian firms, would also be made more feasible by a less intrusive state. Third, rationalization and marketization of the two economies would, in general, tend to enhance the effects of comparative advantage for the two economies.

The problem with this sort of speculation on the positive effects that marketization might have on cooperation is that the forces driving market reforms in these two economies are weakened by the continuing preponderance of state influence on economic decisions. The Russian government has adopted policies that tend to obstruct the growth

of both international ties in general and bilateral ties with China in particular. Its revenue collection woes will probably make the Russian government more intrusive in economic matters for the foreseeable future. And much of Russian industry continues to pursue "rent-seeking" activities--such as securing government subsidies--rather than breaking with the culture of the Soviet era and competing for profits in the marketplace. China has its own large state sector to maintain, one that is shrinking only gradually over time. The more efficient Chinese private sector is dominated by small enterprises that lack the capital to strike deals with Russian firms; in any case, they tend to be tied into domestic and international trading networks in which Russia is not represented.

The answers provided to these questions suggest that the Sino-Russian economic relationship is not particularly healthy at present or promising for the future. Many factors operate to limit the growth--or even the persistence--of this relationship. If the economic ties between these countries can be considered "special," it is because they are particularly poor given initial estimates of their potential and the contrasting dynamism of China's economic ties in East Asia. In a few technical fields, the relationship remains important to the two economies; however, cooperation is not spreading across productive sectors, even in the RFE-north China regional relationship where it might be most

effective. Finally, it is difficult to see how market reforms would significantly improve Sino-Russian trade.

G. COMPARING COOPERATION IN THE 1950'S AND 1990'S

A good starting point for a comparison of Sino-Russian economic ties in two eras is to identify persistent historical factors that are present in both. There are a number of characterizations that apply equally well to China and Russia in two periods: China remains much the poorer country, the overland distances between the major markets of the two countries remain daunting, and trade channels between them continue to develop outside the standards of the broader world economy. Economic ties between these countries sprang from marginality to rapid growth in the early years of both decades but declined significantly as the two decades wore on. Ironically, the historical resentments that found expression in Chinese complaints of economic exploitation by the Soviets in the late 1950s have been resurrected in the 1990s by the Russians: anger over shoddy Chinese goods and the appropriation of Russian natural resources is reinforced by a sense that China would still be a primitive country if not for Soviet assistance.

Parallels between the two periods in Sino-Russian economic relations are numerous. In both periods, China has been an important trade outlet for the Soviet and

Russian MICs. Similarities in the composition of bilateral trade in the two periods suggests that some form of comparative advanatage was and is operating between the two economies. These are positive factors for the overall economic relationship. Less positive is the fact that, during both periods, bilateral economic ties have been more subject to government fiat than to market forces.

A discussion of distinctions between the two periods must acknowledge at the outset that economic cooperation in the 1950s was initiated as a function of the bilateral alliance, while cooperation in the 1990s was based to a substantial degree on mutual economic interest. This must be regarded as a positive factor. Relations based on rational economic principles are more likely to be mutually beneficial and efficient than the development of economic ties based on artificial political principles. Although counter-trade has been an important component of economic relations in both periods, the hard reciprocity requirements of the 1950s appear not to have appeared in the 1990s incarnation of this trading arrangement. This also bodes well for the relationship, since grounds for cheating and resentment are greatly reduced by not insisting on a strict balance of trade. Another distinction between the two eras that would appear to benefit the relationship in the current period is the absence of a war debt; in the 1950s, China's

arduous repayment-in-kind of Soviet advances for the Korean war effort kept the trade relationship from developing for most of the decade.

Many surface similarities between the two periods are belied by important differences in the fundamental principles underlying the relationship's development in the two periods. China was embargoed by the West in the 1950s and faced similar pressures in the early 1990s, not only because of COCOM restrictions but because of international reaction to the Tiananmen Square incident of June, 1989. In both periods, this isolation increased the value of Russian technology to China's modernization. However, even at the height of the international sanctions effort against China, it was obtaining technology from many sources, and by the mid-1990s may have faced fewer restrictions on its international purchases than at any time since 1949. Thus, while Russia has continued to hold a competitive trading advantage in certain categories of defense technology, this sole-supplier advantage was far more narrowly defined than in the 1950s, barely extending beyond weapons systems. Similarly, Russian technology sales to China in both decades represented major savings for the Chinese in research and development costs. However, the development of many technologies to modern levels in China during the long years of Sino-Soviet estrangement have again left only a few fields in which the Russians have a

competitive advantage over Western sources today. The fact that both countries find themselves unable to establish a hard-currency trading regime--despite their governments' normative insistence--should tend to enhance opportunities for bilateral trade, since this inability stifles integration with the world economy. However, the extension of the hard-currency requirement to bilateral trade has largely prevented the two sides from realizing this potential advantage. In the one important area where the two economies are both integrating with the international economy--in seeking foreign investment--they are likely to compete, not cooperate, with each other.

Perhaps the most significant distinction between the economies in these two periods, at least in gauging the prospects for future cooperation, is that Russia's contribution is no longer crucial to Chinese economic development. China in the 1990s is in firm possession of its own development model, involving Special Economic Zones, a major redistribution of emphasis among economic sectors, and exploitation of its own particular strengths. While Russian leaders have frequently praised the Chinese model and called for its emulation in their own country, the Russo-Chinese tutelage of the 1950s will not translate into a Sino-Russian tutelage in the 1990s. As has been argued throughout this chapter, Russia's economy is fundamentally dissimilar from China's, its people have a

different orientation toward commerce, its labor and resource costs are markedly different, and its place in the East Asian economy is marginal at best.

Notes

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[1] Cheng, Chu-yuan, *Economic Relations Between Peking and Moscow*, New York: Praeger, 1964, p. 12.

[2] Compared to the billions of U.S. dollars committed to the reconstruction of Europe through the contemporaneous Marshall Plan, this was a relatively tiny amount.

[3] Cheng, *op. cit.*, p. 13.

[4] *Ibid.*

[5] *Ibid*, p. 14.

[6] Khrushchev, Nikita, *Khrushchev Remembers*, Boston: Little, Brown, 1970, p. 463.

[7] Freedman, Robert Owen, *Economic Warfare in the Communist Bloc*, New York: Praeger, 1970, p. 115.

[8] Cheng, *op. cit.*, p. 53.

[9] *Ibid*, p. 35.

[10] Freedman, *op. cit.*, p. 115.

[11] Garthoff, Raymond L., "Sino-Soviet Military Relations, 1946-1966," in Garthoff, ed., *Sino-Soviet Military Relations*, New York: Praeger, 1966, p. 86.

[12] Freedman, *loc. cit.*.

[13] Naughton, Barry, "The Foreign Policy Implications of China's Economic Development Strategy, in Robinson and Shambaugh, eds., *Chinese Foreign Policy: Theory and Practice*, Oxford: Clarendon Press, 1995, p. 52.

[14] Hsiung, James C., ed., *Beyond China's Independent Foreign Policy: Challenge for the U.S. and Its Asian Allies,* New York: Praeger, 1985, pp. 31-2.

[15] Cheng, *op. cit.*, p. 21.

[16] Graziani, Giovanni, *Gorbachev's Economic Strategy in the Third World,* New York: Praeger, 1990, p. 80.

[17] Cheng, *op. cit.*, p. 53.

[18] *Ibid,* p. 18.

[19] Hsiung, *op. cit.*, p. 26.

[20] Freedman, *op. cit.*, p. 112.

[21] *Ibid.*

[22] *Ibid,* p. 85.

[23] *Ibid,* pp. 115-116.

[24] *Ibid,* p. 114.

[25] Cheng, *op. cit.*, p. 104.

[26] *Ibid,* pp. 52-3.

[27] *Ibid,* pp. 70-71.

[28] *Ibid,* pp. 71-2.

[29] *Ibid,* p. 93.

[30] *Ibid,* p. 82.

[31] Freedman, *op. cit.*, p. 103.

[32] *Ibid,* p. 112.

[33] Hsiung, *op. cit.*, p. 33.

[34] *Current Digest of the Soviet Press,* Vol. 15, No. 43, p. 3, cited in Freedman, *op. cit.*, pp. 116-117.

[35] Cheng, *op. cit.*, p. 105.

[36] Freedman, *op. cit.*, p. 133.

[37] *Ibid,* p. 135.

[38] *Ibid,* p. 152.

[39] Graziani, *op. cit.*, pp. 4-5.

[40] Moltz, James C., "From Military Adversaries to Economic Partners: Russia and China in the New Asia," *Journal of East Asian Affairs,* Winter 1995, pp. 157-182.

[41] Cheng quantifies this late 1950s development, noting that "[Chinese f]ood exports accounted for 27.4 per cent of the 1956 total volume, declined to 26.1 per cent in 1958, 19.9 per cent in 1959, 15.1 per cent in 1960, and was only 3.2 per cent in 1961. The gap was filled through a greater export of consumer goods, which increased from 28.5 per cent of the 1958 volume to 62.4 per cent of that of 1961." *op. cit.*, p. 64.

[42] Graziani, *op. cit.*, p. 85.

[43] *Ibid,* pp. 57-58.

[44] Reuters, 17 September 1990.

[45] Graziani, *op. cit.*, 86-7.

[46] *Chicago Tribune*, 16 November 1992. In Heihe, the cross-border dealing had started on a small scale as early as 1987, when local Chinese exchanged loads of watermelon for Russian fertilizer.

[47] *Ibid.*

[48] Reuters, 16 July 1995.

[49] Agence France Press, 26 April 1996.

[50] *Ibid.*

[51] Reuters, 25 April 1996.

[52] South China Morning Post, 24 February 1995.

[53] Reuters, 26 April 1996.

[54] *Direction of Trade Statistics Yearbook*, Washington: International Monetary Fund, 1996, p. 4.

[55] *Ibid*, p. 26 and p. 58.

[56] Hong Kong figures are anomalous in that China calculates goods shipped through Hong Kong to foreign destinations as trade with Hong Kong.

[57] *Current Digest of the Post-Soviet Press*, Vol. 46, No. 45, p. 22.

[58] Hornik, Richard, "Bursting China's Bubble," in *Foreign Affairs*, Vol. 73, No. 3, p. 30.

[59] Burawoy, Michael, "The State and Economic Involution: Russia Through a China Lens," in *World Development*, Vol. 24, No. 6, 1996, pp. 1107-1108.

[60] Moltz, "Regional Tensions in the Russo-Chinese Rapprochement," in *Asian Survey*, Vol. 35, No. 6, June 1995, p. 527.

[61] *Ibid*, p. 526.

[62] Moltz, "From Military Adversaries to Economic Partners," pp.159-160.

[63] *Ibid*, pp. 172-173.

[64] *Ibid*, p. 166.

[65] Shabalin, Vadim and Vladimir Portiakov, "Russia and China: How Their Economic Muscles Compare," in *Far Eastern Affairs*, No. 1-3, 1993, p. 19.

[66] These borrowings are described by Gene T. Hsiao in *The Foreign Trade of China: Policy, Law, and Practice*, Berkeley: University of California Press, 1977, p. 105.

[67] Segal, Gerald, "China's Changing Shape" in *Foreign Affairs*, Vol. 73, No. 3, May/June 1994, p. 52.

[68] Kaye, Lincoln, "Hinterland of Hope," in *Far Eastern Economic Review*, 16 January 1992, p. 16.

[69] *Ibid*, p. 17.

[70] Shabalin and Portiakov, *op. cit.*, pp. 21-22.

[71] Mozias, Peter, "Options of Economic Development in the APR: Prospects for Russia and China," in Far Eastern Affairs, No. 2-3, 1994, pp. 36-37.

[72] Segal, *op. cit.*, p. 50.

[73] Shabalin and Portiakov, *op. cit.*, p. 25.

[74] *Ibid*, p. 20.

[75] Hornik, *op. cit.*, p. 30.

[76] Mozias, *op. cit.*, pp. 30-31.

[77] *Ibid*, p. 32.

[78] Shabalin and Portiakov, *op. cit.*, pp. 24-25.

[79] Kaye, *op. cit.*, p. 17.

V. COOPERATION IN TERRITORIAL AFFAIRS

This chapter examines and compares Sino-Russian territorial relations in the 1950s and 1990s. Interaction between these two countries over border issues and other territorial matters differs in some respects from the preceding discussions of bilateral relations in defense technology or economic affairs. First, territorial relations have been an important issue between Russia and China for centuries, while economic relations have always been marginal and defense technology ties only became a major aspect of bilateral relations in the 1950s and again in the 1990s. Second, in comparing cooperation between the two sides over territorial issues in these two decades, one must take account of the fact that the era of greatest interest to most security analysts and scholars writing on Sino-Russian territorial relations was the intervening period of 1960-1990, especially the late 1960s, when the two sides clashed across their common border, and the 1970s, which saw a massive Soviet investment in defensive infrastructure and manpower in the Russian Far East (RFE).

The first issue--the long historical background of bilateral territorial relations--is dealt with here through a brief retrospective on the principal factors that have defined Sino-Russian relations in this area. With regard to the second issue--the relative

importance of the 1960-1990 period--it is argued that, just as in the previous two comparative case studies, it was the era of unprecedented cooperation in the 1950s that provides the most useful comparative case with the 1990s. It is not the mutual antagonism and wariness of the interim years that stands out in historical perspective but rather the two periods of unusual cooperation that are the main subject of this study. As in the previous case studies, this chapter will seek to isolate those factors in the relationship which favor, promote, or allow for further cooperation; those which militate against or limit such cooperation; and those which may be crucial--in either a positive or negative sense--to the future course of the cooperative relationship.

A. HISTORICAL BACKGROUND

Most accounts of Sino-Russian territorial relations begin with the treaty of Nerchinsk in 1689, which set the terms of bilateral relations in both territory and trade following the first official contacts between representatives of the two governments. Neither side showed much interest in the border regions between them, however, until 150 years later, when other European powers began to carve out spheres of influence in China.[1] Russia, which had begun to modernize before China, was able to apply pressure to win concessions from the Qing empire along their mutual border. From the mid-19th

century until the Russian revolution, Moscow defined its sphere of influence in China to include Manchuria and access to the sea. Relevant to territorial relations in the modern period is the fact that treaties signed during the late 19th century form the juridical basis for the Sino-Russian boundary of the 1990s.[2]

Some of the factors which remain salient from this early period in the bilateral relationship are highlighted by S.C.M. Paine in her 1995 book, *Imperial Rivals*. One of these is the problem of minority peoples. The areas in which the Russian and Chinese empires grew to meet one another were not populated by Russians or Chinese but by sparsely settled, generally nomadic peoples. Paine notes that

> because the border represents geographic and not ethnic considerations, these ethnic minorities had much more in common with their counterparts across the border than with their culturally and geographically remote central governments. Moreover, neither country's central government has been particularly adept at dealing with the grievances of its ethnic minorities...the frontier area is inherently unstable, with enduring ethnic tensions providing ever ready tinder to ignite and fuel border conflicts.[3]

Ambivalence toward the border lands arising from their enormous potential but marginal exploitability continues to mark relations between the two countries today. Once established in Asia, Russia was obligated to protect and reinforce its Far Eastern holdings from "sheer geopolitical necessity," George Kennan has observed.[4] However, Paine

notes, "populating, supplying and protecting these acquisitions proved costly indeed."[5] Unlike other European concessions in 19th century China, Russia's sphere of influence remained landlocked and economically marginal. W.A. Douglas Jackson noted in 1962 that the Russo-Chinese border lands are marked by "a short growing season, poorly-drained soils, and permafrost," which "have been effective to date in restricting the agricultural potential. In effect, therefore, the Soviet Far Eastern population clings to the Trans-Siberian Railway, on which it heavily depends."[6] The vast expanses of the Eastern Asian land mass are also characterized by long transportation lines and short navigation seasons for river transport, making development of its potential even more difficult.

The Russians nevertheless sought to expand their Far Eastern possessions, and won a number of concessions from the Chinese. This is a third area of continuity with territorial relations in the modern period: China and Russia have been unusually prone to violate bilateral treaties and to seek territorial advantage when the opposite side appears weak, although Russia has usually been in the better position to do so. To the extent that there is "an illusion of Russo-Chinese friendship" in the imperial period, Paine argues, it has arisen because of Chinese unwillingness to "lose face" by bringing Russia's violations before the international community. Although the Japanese took over much of Russia's

sphere of influence (and infrastructure projects) in Manchuria during the 1920s, the new Soviet regime was able to retain significant influence or outright domination in Outer Mongolia and Xinjiang. By the 1940s, Robert Freedman writes, "Soviet military and economic aid and pressure had turned the Chinese province into a virtual Russian protectorate."[7] At the end of the war, Freedman notes, "the Russians tried to get the Nationalists to agree to joint administration of Manchuria's industrial and mining centers."[8] In the event, the Yalta agreement at the end of World War II gave the Soviets a pretext to remain in Manchuria for years, although their subsequent dismantling and removal of industrial stock was clearly in violation of the agreement. As Jackson argues, "Yalta in effect reversed the decision of 1905 [i.e., Japan's victory over Russia in the Russo-Japanese War of 1904-1905], giving the Soviets a lease on Port Arthur and a dominant presence in Dairen, plus Changchun Railway concessions."[9] Jackson also observes that "the actual boundary between these two immense states achieved its present exactitude only in the period 1945-49."[10] The boundary that emerged in this period is described in the 1992 reference book, *Border and Territorial Disputes*:

> The Sino-Soviet border falls into two sections, divided by the buffer state of Outer Mongolia: (i) the Far Eastern sector, which divides Manchuria from Eastern Siberia, and (ii) the Central Asian sector, which divides the

Xinjiang Uygur Autonomous Region (Sinkiang) from the Soviet Republics of Kazakhstan, Kirghizia, and Tajikistan.[11]

Having arrived at the threshold of communist victory in China, with Russia firmly entrenched throughout China's northern territories and in Mongolia, it remains to point out that, along with the historical continuities that characterize Sino-Russian territorial relations, there is a strong element of state nationalism in the approaches that both countries take to their border regions. First, as George Moseley argued in 1973, these territories are roughly analogous in the Chinese and Russian national psyche to the U.S. view of Alaska: a thinly populated territory, enormously rich in natural resources, and central to the nation's development strategy and national image.[12] Second, the Russo-Chinese border regions generate tensions because, as overland empires, both the Russian and Chinese regimes derive legitimacy in part from the territorial expansion of the state to its full historical extent. The dissolution of the Soviet Union may only have intensified this imperative in Russia, where revanchism is a basic principle of the nationalist program; in China, the reacquisition of such territories as Tibet, Hong Kong, and Taiwan has been part of the state program since 1949. Finally, Alexei D. Voskressenski has devoted a book-length study to the long tradition in both Russia and China of scholarship in the exclusive service of the state. Officially sanctioned, mutually

antagonistic interpretations have for so long filled all published writings in these countries on the border question that there is now little basis for anything but jingoistic, self-affirming views on bilateral territorial issues.[13]

B. THE 1950'S RELATIONSHIP

As Jackson observed regarding Sino-Soviet territorial cooperation in the 1950s, the relationship "that has emerged between China and Russia is a contradiction of the historical record." That record, he notes, was one of "traditional fear and suspicion, if not outright dislike between peoples of either country."[14] Yet, the first formal contacts between the communist Chinese and Soviet regimes in 1950 were marked by substantial cooperation over territorial issues. Outstanding territorial issues between the two sides were clearly put aside for the sake of ideological solidarity within the newly formed communist bloc. As Mao observed regarding his initial consultations with Stalin on a broad range of bilateral issues:

> In 1950 I argued with Stalin in Moscow for two months.... We adopted two attitudes: one was to argue when the [Soviets] made proposals we did not agree with, and the other was to accept their proposal if they absolutely insisted. This was out of consideration for the interests of socialism.[15]

And, as the authors of *Border and Territorial Disputes* point out:

> As late as April 28, 1960, Zhou Enlai, the Chinese Prime Minister, described the differences on border questions between China and the Soviet Union as 'insignificant divergencies on the maps' which could 'easily be peacefully resolved.'[16]

As noted in the chapter on economic relations, the temporary compromises of sovereignty to which Mao agreed in 1950 included joint administration with the Soviets of the Chinese Ch'ang-ch'un Railroad and continuous use by the Russians of the naval base at Port Arthur. Another interesting result of the agreements negotiated between Mao and Stalin during the Chinese leader's visit to Moscow in early 1950 was "a continued Russian presence in Sinkiang [Xinjiang], Mongolia, and Manchuria," Freedman notes. Stalin's territorial impositions and Mao's concessions were reflective of what both sides would quickly come to see as a paternalistic, even neocolonial pattern of interaction based on China's poverty and weak international position in 1949. While these concessions may have been undesirable from Mao's perspective, he did win Stalin's agreement that Russia would withdraw from the naval base at Port Arthur by the end of 1952, although the Russian lease was subsequently extended.[17] *New* Soviet bases were never permitted, nor were Soviet missiles allowed to be stationed on Chinese soil without being under Chinese

command. Chinese strategists apparently recognized that the presence of Soviet missiles would set China up as a potential target with no concomitant voice in strategic decisions.

Stalin's death in late 1953 ushered in a number of changes to the bilateral relationship, and territorial relations were no exception. In September 1954, Bulganin, Khrushchev, and Mikoyan visited Beijing where they signed a "joint communique on the withdrawal of Soviet military units from the shared naval base in Port Arthur and the transfer of this base to sole Chinese jurisdiction."[18] The rectification of Stalin's neocolonial excesses being undertaken by the new Soviet leaders was particularly welcome, as the retrocession was to be made free of charge to China: "the 1950 agreement had stipulated that the Chinese would have to pay for the installations."[19]

The Chinese also raised the issue of Mongolia during the Soviet leaders' visit. This is often cited as an early instance of Sino-Russian dissension, although the earlier Mao quotation indicates that there was probably much private disagreement between the two sides over territorial issues in 1950 as well. The recentness of Soviet suzerainty over (Outer) Mongolia after centuries of Chinese dominance, China's success in reacquiring Tibet some years earlier, and the new openness of the Soviet leadership probably all played a part in prompting the Chinese to propose the reincorporation of Mongolia into

China. However, the Russians apparently refused to discuss this.[20] Premier Zhou Enlai's effort to resurrect the Mongolian issue during talks with Bulganin in 1957 appears to have been similarly unsuccessful.[21]

Harold Hinton notes that, as Soviet-Chinese relations began to decline in the late 1950s, Lin Biao--newly appointed as Defense Minister in 1959--began "to organize violations of Soviet territory by parties of Chinese military personnel, apparently to signal defiance of Soviet 'revisionism.'"[22] Thus, differences over territorial issues became one of the first and most important elements in the Chinese rationale for the Sino-Soviet split.

Many observers have downplayed the significance of territorial issues in the Sino-Soviet dispute, arguing that the ideological dispute between the two sides spilled over into fighting and deadlocked negotiations over border demarcation as a sort of thrust and parry within the international communist movement.[23] It is true that both sides appear to recognize the difficulties in extracting economic value from the border lands, and that neither side has shown any real interest in acquiring significant amounts of the other's territory since 1950. However, it is significant that the underlying historical principles of Sino-Russian border relations, outlined at the beginning of this chapter, are all visible in the 1950s relationship: Russia's desire for access to the sea, the playing out of territorial

ambitions on the land of non-Russian, non-Chinese peoples, the unusual readiness with which the two sides dispense with treaty obligations and resort to military force, and the enormous symbolic value which the border territories hold for both the Russian and Chinese people.

C. THE INTERIM PERIOD (1960-1990)

The border tensions which arose at the end of the 1950s continued into the 1960s. Continued Chinese incursions into Russian territory--as well as the apparently Soviet-orchestrated flight of 50,000 Kazakh refugees from Xinjiang to the Soviet Union between 1962 and 1965--prompted Moscow to propose bilateral talks on the border question in May 1963. These ultimately fruitless talks began in February 1964. The background to these moves was a steadily deteriorating relationship between the two sides in territorial affairs. In December 1962, Khrushchev had publicly taunted China for its failure to press territorial claims against "imperialist powers" while constantly raising such issues with the Soviet Union. Beijing regularly called for revisions to the "unequal treaties" which the tsars had imposed upon a weak China, and accused the Soviets, like their tsarist predecessors, of always trying to grab more land. Freedman points out an interesting aspect of this period in the dispute: the Soviets sought repeatedly to tie promises of

resumed economic and technical exchange relations to the successful resolution of the border question.[24] At the same time, Chinese newspapers editorialized against the Soviet withdrawal of aid and technical experts in 1960, portraying these "betrayals" as part and parcel of the revisionist Soviet agenda that also clung to the tsarists' ill-gotten territorial gains.

As Sino-Soviet territorial relations declined in the 1960s, Western analysts suggested a number of rationales for what appeared on its face to be a largely irrational conflict. According to the authors of *Border and Territorial Disputes*,

> The tension on the borders greatly increased with the beginning of the Cultural Revolution in China in the summer of 1966. It was reported from Moscow on Oct. 2, 1966, that an estimated 2,000,000 Chinese had taken part in mass demonstrations on the the Soviet frontier, especially in the Far Eastern sector, in support of China's territorial claims, and that Chinese troops had opened fire several times on Soviet ships plying on the Amur...Many minor incidents were believed to have taken place in the later months of 1967 and in 1968....[25]

At the time, some analysts pointed to the traditional Russian fear that the Chinese might some day overwhelm the sparsely populated Russian Far East. Others interpreted the dispute as a useful tool by means of which both sides activated domestic support against a common enemy. The real fear which both sides apparently felt in 1969 at the prospect of escalation to full-scale war suggests, however, that domestic political mobilization came

to be regarded in both Chinese and Soviet leadership circles as an insufficient justification for the dispute after that date.[26] Still others saw the dispute in terms of a power struggle between the Chinese and Soviets for legitimacy, if not supremacy, within the international communist movement: agreeing "that the border treaties imposed on China by tsarist Russia are 'unequal'...would open up long stretches of the Soviet frontier to territorial revision;" it would also raise China's stature as a leader of the communist world.[27]

The open fighting along the border rivers during 1969 and 1970, including the famous battle on Damansky/Zhenbao Island in which Chinese forces were badly mauled, was apparently a sobering experience for both sides. As Lowell Dittmer describes it:

> A beginning was made in bridging the yawning diplomatic chasm only when the point had been reached that the prospect of war was clearly in view, and the uncertain and no doubt mutually catastrophic consequences of such an outcome could be fully appreciated. The Chinese agreed to negotiate in the wake of the 1969-70 border clashes under Soviet nuclear blackmail. Zhou Enlai and Kosygin agreed in their preliminary talks at the Beijing Airport to drop the Chinese precondition that existing treaties be described as "unequal," also to cease armed provocations along the border. This series of talks contained the dispute, giving both sides a regular forum (the talks met biannually in Moscow) in which to articulate their suspicions and even broach a few new proposals....
>
> Although discussion deadlocked over [the "inequality"] issue, it cannot be said that the talks were utterly fruitless. The arms build-up along the frontier stabilized, trade increased slightly, the Soviets offered *in camera* to accept the thalweg (midline down the main navigable channel) to

demarcate riverine boundaries (in 1973) and made certain other territorial concessions.[28]

Dittmer goes on to note that the talks continued through the 1970s without major progress until 1979, when the Chinese informed the Soviets in the wake of U.S. recognition that they intended not to renew the Sino-Soviet mutual defense treaty of 1950 when it expired in 1980. "But in the context of the same notification," Dittmer notes, "Beijing indicated its willingness to engage in talks "on a separate basis from those on the border," thereby allowing the two sides to begin "rebuilding functional bridges" and restoring state-to-state relations.[29]

During the 1980s, the Soviets and Chinese, while separated by Beijing's insistence on its three preconditions for normalization of relations,[30] continued to make incremental progress toward cooperation on territorial issues. In 1982, the thalweg was accepted as the line of demarcation for the riverine boundary between Russia and Manchuria, and the unequal treaties issue was "quietly dropped."[31] By 1987, the two sides were discussing cross-border cooperation, such as a joint dam project, and formal consultations began on the issue of troop reductions along the Sino-Soviet border. This latter move was facilitated by the Soviets' unilateral withdrawal of 10,000 troops from Outer Mongolia.[32] The 1987 exchanges, marking the resumption of border talks that had been broken off in

1979 over the Soviet invasion of Afghanistan, were also the first in a regular series of consultations that would lead to an unprecedented Sino-Soviet border agreement in 1991 covering the border east of Mongolia. This agreement nearly coincided with the dissolution of the Soviet Union, but the post-Soviet Russian government quickly offered assurances that it would observe this agreement, and it was approved by the Russian parliament in 1992.

D. THE 1990'S RELATIONSHIP

The signing and ratification of the Sino-Soviet, later Sino-Russian, border agreement in 1991 and 1992 was hailed at the time as "closing the past and opening the future" in bilateral territorial affairs.[33] As Yeltsin would observe, "This is the first time in the history of Russian-Chinese relations that nearly the entire boundary between the two countries has been codified in the form of law."[34] As noted above, both the Russian parliament and the Chinese National People's Congress ratified this agreement in early 1992. The two sides cooperated in boundary survey work, and teams of experts on demarcation met frequently to resolve outstanding issues. In July of 1992, an agreement was reached on joint prospecting in the boundary region, further expanding the scope of border cooperation. However, despite this apparent progress in territorial matters, there

were some signs of resistance to the bilateral agreement. Western journalists reported that some Chinese legislators were bitterly opposed to ratification of the agreement, "arguing that it made too many concessions." Among the parties said to be in opposition to the agreement were representatives from the affected province of Heilongjiang in northeast China and the military.[35] The Russians also admitted at the time that one-tenth of the disputed claims along the Sino-Russian border had been left unresolved by the agreement, although the treaty itself was not made public.[36]

In 1993, border talks were expanded to include the Central Asian republics of the former Soviet Union. At mid-year, Chinese efforts to control smuggling led to a number of "skirmishes" between Russian merchant ships and Chinese civilian and military vessels, prompting speculation that Chinese assertiveness in the waters off its northeast coast represented a corollary of its 1992 moves against Vietnamese ships in the Gulf of Tonkin. Meanwhile, in August, local Russian resentment at the pending return to China of a parcel of Russian territory boiled over. The Governor of Russia's Maritime Krai, the Far Eastern border region that stood to lose the parcel of land, was joined by his regional parliament in condemning the Russian Foreign Ministry's plan to cede the territory to China. This issue simmered for two years until, in early 1995, the Governor's complaints became the subject

of open debate in Moscow over the wisdom of implementing the agreement with China. Many prominent Russian political figures, including the Deputy Chairman of the Federation Council, weighed in on the side of the local official. Yeltsin administration officials were obligated to reassure their Chinese counterparts repeatedly that the Russian government would stand by its agreement.

This issue may have been made more volatile by admissions on both sides during 1994 that illegal migration and trafficking in various types of contraband made necessary a tightening of border controls. 1994 also saw an initial agreement on the relatively short and almost inaccessible western border area; this agreement was ratified in 1995. Another significant development was the signing of a bilateral agreement between Russian and Chinese defense authorities aimed at preventing border incidents. The agreement included provisions concerning notifications, the prevention of airspace violations, and the use of lasers and jamming equipment in the border region.[37] At least in the Western press, there were increased reports in 1994 and 1995 concerning poaching, illegal fishing, and other, apparently non-systematic, territorial violations on both sides of the border.

In 1996, China, Russia, and the bordering Central Asian republics of the former Soviet Union signed a formal agreement regarding the demilitarization of their common

border. The agreement, formally entitled "Mutual Military Confidence-Building Measures," created a buffer zone about 100 kilometers wide and 8,000 kilometers long between China and the former Soviet republics. The Chinese Foreign Ministry stressed that the treaty "was not a military alliance and was not aimed at any third party," touching only on cross-border cooperation among the signatory nations. Details of the treaty clearly indicated that it was principally aimed at preventing misapprehension over military activities in the border areas.[38] Also in 1996, Yeltsin ordered that the region of the Maritime Krai that had been the subject of domestic debate in recent years be demarcated "in strict conformity with the 1991 border agreement."[39]

E. COOPERATION IN THE 1990'S: POSITIVE FACTORS

Many aspects of Sino-Russian border affairs in the 1990s appear conducive to continuing cooperation between the two sides. The existence of a bilateral treaty concerning border affairs is by itself an unprecedented step forward in territorial relations. Substantive consultations over the demarcation of the border places this aspect of the relationship on a rational basis that conforms more closely to international conventions than in the past. In this sense, one can be far more optimistic about the future of Sino-Russian territorial relations than during the 1950s, when problems in this area of the

relationship were not in a process of resolution but merely submerged beneath the requirement for socialist solidarity.

As shown in the preceding section, the two sides are in almost constant contact regarding some aspect of territorial affairs. While some bilateral consultations always took place over border issues--even at the nadir of the Sino-Soviet conflict, a joint commission met to manage navigation and dredging on the Manchurian border rivers--the post-Soviet period has seen a dramatic increase in bilateral exchanges over various aspects of border affairs: prospecting, controlling migration, and surveying work are but a few examples. Such practical exchanges and confidence-building measures tend to reduce the likelihood of misperceiving the other side's intentions. The regime of military notifications and observer missions established under the 1996 accord is probably the best insurance available to date against accidental conflict.

The growth of boom towns along the Sino-Soviet border has also created incentives for amicable border relations. While the dramatic growth of the early 1990s has subsided following changes in the forms of trade permitted by the two governments, Manchurian border cities like Suifenhe retain several times the population they held before

the boom. At least for the present, the importance of cross-border commerce for the continued economic growth of the border regions remains undeniable for both countries.[40]

Finally, the Russian government has not yielded to domestic pressure against the implementation of border concessions to China, even when local protests found national-level adherents in Moscow. By historic standards, agreements between the two sides are accorded unusual respect, and there is little evidence on either side of efforts by central authorities to modify, let alone abrogate, territorial treaties.

F. COOPERATION IN THE 1990'S: NEGATIVE FACTORS

Despite admirable progress in putting many aspects of their conflict-prone territorial relationship behind them, it appears that many factors will make continued improvement of this relationship highly problematic. While any territorial relationship between two states may be termed successful if actual conflict over contested areas is avoided, the effect of unresolved territorial issues may still color the overall relationship in important ways. The emergence of an alliance between two states that have numerous outstanding disputes over their common border might well be a very short-lived phenomenon if it were able to develop at all.

Quite obviously from the perspective of alliance-building, the confidence-building measures that China, Russia, and their Central Asian neighbors have agreed to pursue offer only "negative assurances" to the participants. All of the activities identified in the common program are clearly intended to prevent provocative activities in the sensitive border areas, and to reassure all parties that their territorial status quo is not being challenged. "Positive assurances" characteristic of an alignment of security doctrines--joint exercises, for example--are manifestly not part of the treaty provisions. For the foreseeable future, it is unlikely that either side would be able to manage a large-scale joint exercise even if this were deemed desirable: Russia because of its impoverished military, China because it is only just learning the basics of combined forces warfare. In any case, both militaries appear occupied with internal concerns at present, not a recipe for the external commitments that alliance-building would necessitate.

While the Russian government has so far successfully resisted domestic pressure against territorial concessions to China, the strength of this resistance and its resonance for many national-level political figures suggests that Sino-Russian territorial issues will remain a rallying point for Russian nationalist politicians. It may become increasingly difficult to implement border agreements calling for an exchange of territory when

everyone from the local Cossack formations to the regional governor is calling for protection of the motherland. As Paine suggests,

> regardless of the ostensibly friendly public statements issued by the Russians and the Chinese, the border issue has not been consigned to the past. The dispute has been far too long-standing and bitter, and too recently a source of hostilities, to have disappeared without a trace. Already, local officials in Siberia are refusing to sign the border agreement signed by China and Russia in 1991 but are hanging on to territory to be ceded to China under the agreement...the border issue does indeed live on.[41]

The centuries-old fear of the "Yellow Peril" is still clearly alive in Russian geopolitical thinking, and the arrival of millions of Chinese in communities throughout the Russian Far East since 1990 has only increased suspicions, both locally and in Moscow, that the Chinese are either pursuing a long-term plan to take over the Russian Far East or will soon do so in any case by force of numbers. However this concern manifests itself in Russian political life in the future, it is certain to have much the same chilling effect on bilateral cooperation in territorial affairs that it has already had in the 1990s. The Russian government will at least need to offer additional reassurances to the Chinese that it will fulfill its promises; at worst, suspicions may grow that the opposite side is not negotiating in good faith, or a new government less well disposed to territorial concessions may seek to reverse previous commitments.

China is not immune to such domestic pressures. As already noted, the National People's Congress ratification of the 1991 agreement provoked dissent from the military and northeastern representatives. Only the relatively more open political process in post-Soviet democratic Russia has made the Chinese appear less divided on the resolution of territorial issues with Moscow. Still, some authors argue that a solidly united China, now in the ascendancy over a weakening, disintegrating Russia, will soon begin to apply pressure against its northern neighbor over territorial issues. As Paine suggests at the conclusion of *Imperial Rivals*:

> Great powers flex their muscles abroad. Quite ominously, from the Russian point of view, China remains an unsatisfied power, determined to prove itself a great power--presumably at some other power's expense--and will be increasingly in a position to do so as its economic development proceeds...China was again faced with a weak and unstable Russia. This time, however, China was an internally unified, economically flourishing nuclear power.[42]

This interpretation is reinforced by Paine's observation that, especially in terms of territorial issues, Russia and China have had an historical relationship that can only be described as consistently unfriendly. In fact, she argues that this relationship appears unusually conflict-prone by international standards: "It is important to note that Russia's and China's often casual attitude toward the sanctity of treaties is highly unusual in

international politics."[43] This disregard for conventions that promote international peace hardly bode well for the future of territorial cooperation. This contention obviously contradicts the argument, advanced in the preceding section on "positive factors," that the two sides were displaying uncharacteristically good behavior in the 1990s. This debate is taken up in the next section, which discusses essential questions about the outlook for territorial cooperation.

As noted in the previous section, one-tenth of the disputed claims along the Sino-Soviet border remained unresolved following the 1991 agreement. Although the resolution of nine-tenths of bilateral territorial disputes is a remarkable accomplishment (if that has in fact occurred), this achievement does not necessarily bode well for the resolution of the remaining tenth. These remaining disagreements are likely to be the most intractable and long-standing of the disputes under negotiation before 1991, and will probably make further progress painfully slow. In like manner, cooperative efforts to tighten control of the border against smuggling and other illegal activity since 1993 may be causing more incidents--such as gunplay between smugglers and border troops--to occur, generating greater potential friction in bilateral relations.

Other factors that may add to the challenges of maintaining good territorial relations over the next several years include the resurgence of ethnonational movements along the Sino-Soviet border, particularly in Xinjiang and Inner Mongolia. Although mentioned earlier as a persistent factor in Sino-Russian border relations, it is worth considering whether the ethnonational issue may not have become significantly more salient as a potential source of bilateral friction in the 1990s. The "double" demonstration effect of Eastern European liberation in the late 1980s and the independence of former Soviet republics in 1991 have given new life to these movements, a resurgence also driven by increasing awareness of the marginal positions many cross-border groups have been forced into over the past century. The cross-border activities of these groups are likely to remain a sore point in bilateral relations, and could result in territorial incursions or other insults to sovereignty by either side.

From Moscow's perspective, the continuing economic marginality of the RFE raises certain pressures against the center. As Vladivostok and economic centers in north China are seen to move ahead economically, the underdevelopment of the border region could raise uncomfortable local pressure for greater integration with the Chinese

economy. If it feels compelled to scotch these trends, Moscow could well face off with Beijing over a political issue expressed through territorial conflict.

G. ESSENTIAL QUESTIONS ON THE TERRITORIAL RELATIONSHIP

The types of general questions posed at the end of the preceding chapters regarding the potential of growing cooperation in various fields are useful to consider for the territorial relationship as well. As in the preceding cases, these questions are argued positively or negatively on the basis of the available evidence, with a summation at the end evaluating the significance of these findings for this area of the cooperative relationship.

How long will territorial cooperation remain attractive to the two sides?

In the absence of direct evidence about the actual extent of territorial agreement between the two sides, any answer to this question must be somewhat speculative. What may be said generally of countries engaged in such cooperation is that the cooperation will continue so long as it serves the mutual interests of the two sides and does not interfere with more important interests of the individual partners. This formula seems to apply however one phrases the question: Do both countries continue to have something to gain? Will they show respect for treaty arrangements? The answer appears to be "yes,"

so long as it serves their mutual interests and does not interfere with more pressing single-country interests.

In the case of Russia and China, it appears that much of the benefit of territorial cooperation has been achieved, or at least that the most dramatic evidence of that benefit has been seen. The relaxation of tensions has now evolved to confidence-building, but the initial, major reduction of threat that was the reward for cooperation is not repeated with every subsequent, incremental step in the progress of the cooperative relationship. Still, maintaining the new status quo may be seen as a continuing reward in and of itself. The advantages of a relatively businesslike and peaceful border not bristling with missiles and overtly hostile forces gives both countries' leaderships much more breathing room than they enjoyed a decade ago. Reductions in (or redirections of) defense spending that accompanied the drawing down of border forces was another benefit, particularly for a post-Soviet Russian state with severe liquidity problems. And the lessening of territorial hostilities brings with it at least the possibility of greater prosperity for the border regions of both countries.

At the same time, some scholars argue that "land hunger" is not a dead issue between these continental states, even if it is papered over for the time being with treaties.

The status of Mongolia also remains an open question: it is not at all clear whether the Mongols will be able to maintain their sovereignty in the post-Soviet era or be forced once again to seek accommodation with a regional suzerain. In the short term, however, it appears that territorial cooperation will remain a more attractive option than confrontation or competition.

How important is the resolution of territorial issues to the two sides?

Some factors suggest that, at least in the near term, the two sides will continue to perceive incentives to make progress toward the resolution of outstanding border issues. During the current period of relatively cooperative relations, there is no doubt some appreciation on both sides for the value of "striking while the iron is hot;" issues that might yield to resolution today might very well be intractable in the future.

On the other hand, disagreement over territorial issues is something that the two sides have lived with for many, many years, and neither side is likely to be so anxious to eliminate sources of bilateral friction as to make unprecedented concessions of territory. There is a natural hesitancy to make a final settlement of lands which have been in dispute for decades or even centuries, especially given the normative interpretation which Chinese and Russian scholarship has applied to the territorial dispute, in which all transgressions

are simply the fault of the opposite side. In addition, most of the border territory remains economically marginal, so there is little hurry to make the boundary precise in order to facilitate the extraction of minerals or bring the land into cultivation. At the same time, because of its contested status, much of the land still in question has probably not been thoroughly assessed for mineral deposits, hydroelectric potential, or other resource exploitation. Neither side would be served by agreeing to a hasty disposition of territory that might contain exploitable wealth. Finally, there is considerable emotional force behind the "frontier motif" in Russian and Chinese nationalist thinking. By drawing a precise line between the two territories, hard limits begin to sharply constrain the national project of countries in which political legitimacy has derived substantially from territorial expansion and the realization of irredentist claims.

Is this a special relationship?

Another way of phrasing this question would be, "Do Russia and China enjoy better territorial relations with one another than they have with other countries on their borders?" It appears not. Because normalization of relations between China and Russia took so long--the process stretching from about 1960 to 1990--both countries were able to develop rational border arrangements with many countries on their peripheries while

their shared land border (the longest in the world) was more or less frozen in a state of dispute. Recent progress in negotiating a settlement of border issues has merely placed Russia and China on a footing similar to China's border relations with Vietnam: more settled than in the past but still prone to dispute, with occasional confrontations and testing at sea and on land. It would be quite surprising, given the special place that territorial prerogatives hold in Russian and Chinese nationalism, if the two sides were able to settle their boundaries firmly and permanently. One can expect that, even if they remain at a low level, bilateral territorial disputes will remain a more prominent feature in Sino-Russian relations than between either state and the majority of its neighbors.

In sum, it appears that cooperation between the two sides will continue to be seen as a mutually beneficial option for the foreseeable future. At the same time, however, there is little evidence to suggest that current cooperation is so profound as to render obsolete the past tendency of the two sides to resolve their differences by resort to arms. A number of factors make the quick resolution of remaining disagreements quite unlikely: resurgent nationalism and interest in the natural resources of the border region will probably provide sufficient incentives against clearing up outstanding problems. Russia and China do not have especially good territorial relations; by international standards and

even the standard of their relations with other neighbors, the relationship is fair at best and probably capable of rapid disintegration.

H. COMPARING COOPERATION IN THE 1950'S AND 1990'S

The most obvious parallel between the 1950s and the 1990s in terms of Sino-Russian territorial relations is that both decades are periods of unusually well-maintained quiescence in the otherwise disputatious relationship. This does not mean that the disputes that brought the two countries to the brink of war in the late 1960s are now extinct, or that these states have suddenly become sweetly reasonable in their stance toward one another. Similar periods of quiet have occurred in the more distant past when neither side felt capable of pressing its case successfully or perceived that geostrategic opportunity was lacking. During the early 1950s, the territorial aspect of bilateral relations was sublimated for a time to the perceived necessity of socialist solidarity; this was a policy option taken by both sides. It may be that the relative weakness of the Russian military forces and the persistent backwardness of China's forces leave both sides unwilling to engage in territorial adventures against the other. It may also be that the appearance of Russo-Chinese solidarity is more important than any potential gains from more confrontational territorial competition.

In geopolitical terms, China and Russia regard each other across an Asian land mass that presents striking parallels with the 1950s. Mongolia was seen as a potential field of competition in the 1950s and, the dramatic political evolution of that country since 1990 notwithstanding, it remains so today.[44] Today, however, the situation is complicated by the fact that Inner Mongolia, inspired most directly by the newfound independence of Outer Mongolia, has its own cross-border movement for the independence of greater Mongolia. Despite a significant degree of sinification in these northern border regions, Jackson noted in 1962, "foreign influence was often more decisive there than was Chinese."[45] Future Russian efforts to exert influence in Mongolia may ultimately come into conflict with Chinese interest there, although the competition appears not to have been joined as yet in the post-Soviet era.

The Sino-Soviet experience of the 1950s may be distinguished from the 1990s relationship on the basis of the concessions made by each cooperative partner at the outset of the two decades. In 1950, the obvious advantages possessed by the Soviet Union--its leadership role in the world socialist movement, superior military forces by virtually every measure, and a firmly established zone of influence in many parts of northern China--ensured that Mao would make concessions to Soviet territorial prerogatives in his

initial meetings with Stalin. In the early 1990s, it can be argued, it was the Soviets, then the Russians, who probably made the most concessions to arrive at a fairly broad agreement on territorial issues, yielding up Damansky/Zhenbao Island (scene of the bloodiest fighting in the 1969-1970 border conflict) and the parcel of Maritime Krai land that was to cause such bitter recriminations by mid-decade. Russia was clearly anxious to relieve the pressures on its eastern border--both military and financial--that China could apply merely by continuing to encourage settlement in its northeastern border provinces. After decades of stonewalling on the territorial issue, Chinese leaders circa 1990 were no doubt gratified to see the fruits of their endurance in the new conciliatory stance of the Soviet and Russian negotiators. This Chinese advantage appears, however, to have been transitional, and new pressures have arisen within the framework of territorial relations to check the progress of conciliation: strident objections on both sides of the border to any further concessions, a sense among many Russian politicians that something must be done to stem the tide of Chinese immigration into the RFE, and--in both countries--popular nationalist sentiment that still sees a greater territorial component in the national destiny. All these factors will tend to limit cooperation and make alignment the most distant and improbable of prospects.

Moreover, many of the factors that limited cooperation in the 1950s are likely to work in the same fashion, albeit at times with a reversal of roles, in the 1990s. Just as Russian leaders have seen themselves for hundreds of years as Europe's bulwark against the "Yellow Peril" from the east, they have also traditionally seen themselves as leading a civilizing mission to Asia, serving as the intermediaries and translators for a more advanced European culture. Now, however, it is the Chinese who are portrayed by Russian political elites as the economic model upon which Russia should base its revival. With regard to territorial affairs, there is a prevalent concern within the Russian media and among many Russian political figures that the nation is being overrun and cheated in its closer cooperation with the Chinese. As Russian leaders feared in the 1950s that China might draw them into a nuclear conflagration, many Russians today fear that, in fields from defense technology to trade relations and territorial affairs, the Chinese have lured Russia into bilateral exchanges and arrangements that will ultimately strip Russia of its remaining wealth and security. The tension between competing Russian visions of China--as a potential bulwark against Western pressure and as an historic and unrepentant foe--seems bound to make for uneasy bedfellows at the level of strategic relations and half-hearted partners in their cooperative ventures.

Notes

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[1] Paine, S.C.M., *Imperial Rivals: Russia, China, and Their Disputed Frontier*, Armonk, New York: Sharpe, 1995, p. 347. Paine notes that "in the mid-nineteenth century, neither Russia nor China understood the basic geography of their long frontier zone."

[2] Voskressenski, Alexei D., *The Difficult Border: Current Russian and Chinese Concepts of Sino-Russian Relations and Frontier Problems*, New York: Nova Science Publishers, 1995, pp. 6 and 88.

[3] Paine, *op. cit.*, p. 345; see also Voskressenski, *op. cit.*, p. 92.

[4] Jackson,W. A. Douglas, *The Russo-Chinese Borderlands*, New York: Van Nostrand, 1962, p. 28.

[5] Paine, *op. cit.*, p. 347.

[6] Jackson, *op. cit.*, p. 18.

[7] Freedman, *op cit.*, p. 104.

[8] *Ibid*, p. 105.

[9] Jackson, *op. cit.*, pp. 57-58.

[10] *Ibid*, p. iii.

[11] *Border and Territorial Disputes*, Essex, UK: Longman, 1992, p. 439.

[12] Moseley, George, testimony in "Oil and Asian Rivals: Sino-Soviet Conflict; Japan and the Oil Crisis," in "Hearings Before the Subcommittee on Asian and Pacific Affairs, 93rd Congress, 1st and 2nd Sessions, United States Congress, House Committee on Foreign Affairs," p. 313.

[13] Voskressenski, *op. cit.*, p. 9.

[14] Jackson, *op. cit.*, p. 86.

[15] Quoted in McDonald, Douglas J., "Communist Bloc Expansion in the Early Cold War: Challenging Realism, Refuting Revisionism," in *International Security*, Vol. 20, No. 3, Winter 1995/96, p. 179.

[16] *Border and Territorial Disputes, loc. cit.*.

[17] Freedman, *op. cit.*, p. 107.

[18] Cheng, *op. cit.*, p. 14.

[19] Freedman, *op. cit.*, p. 111.

[20] *Ibid.*, p. 111.

[21] Hinton, Harold, testimony in "Oil and Asian Rivals," p. 141.

[22] *Ibid*, p. 6.

[23] For example, Hinton took this position in 1973, arguing that "the whole territorial issue is essentially a phony." *Ibid*, p. 14.

[24] Freedman, *op. cit.*, pp. 151-152.

[25] *Border and Territorial Disputes,* p. 444.

[26] Dittmer, *op. cit.*, p. 190.

[27] This quotation, and the chronology of earlier events cited in the previous paragraph, are taken from Hinton's 1973 testimony before Congress in "Oil and Asian Rivals," pp. 1-5.

[28] Dittmer, *op. cit.*, p. 69.

[29] *Ibid*, p. 67.

[30] These were the withdrawal of Soviet forces from Afghanistan, the reduction of Soviet forces on the border with China, and the withdrawal of support to Vietnamese forces in Cambodia.

[31] Dittmer, *op. cit.*, p. 71.

[32] *Ibid*, pp. 72-73.

[33] Chufrin, Gennady, "The USSR and Asia in 1991," in *Asian Survey*, Vol. 32, No. 1 January 1992, p. 13.

[34] Foreign Broadcast Information Service (CHI), 6 September 1994.

[35] Associated Press, 16 March 1992.

[36] *Ibid.*

[37] Deutsche Presse-Agentur, 12 July 1994.

[38] *South China Morning Post*, 27 April 1996.

[39] Xinhua News Agency, 18 April 1996.

[40] Foreign Broadcast Information Service (CHI), 28 December 1995.

[41] Paine, *op. cit.*, pp. 356-357.

[42] *Ibid*, p. 358.

[43] *Ibid*, p. 348.

[44] This parallel is seen clearly in the previously cited observations on Mongolia in Paine's *Imperial Rivals* (p. 357) and in Donald Zagoria's *The Sino-Soviet Conflict, 1956-1961* (Princeton: Princeton University Press, 1962), in which Zagoria cites a prevalent view that "the national interests" of the two countries conflict and that competition for control of such border areas as "Outer Mongolia must lead them to dispute and ultimately to split." (p. 4).

[45] Jackson, *op. cit.*, p. 86.

VI. CONCLUSIONS

This thesis has argued that the main theoretical approaches taken to the study of Russo-Chinese relations in the past fail to account for the current state of those relations or predict their future course. The public statements of Russian and Chinese leaders on the "strategic" relationship between the two countries since 1990 have been shown to offer no reliable evidence that any sort of alliance is being established between them. Scholarly analysis of the relationship has been found to argue that a strategic alliance may be expected to emerge through greater and greater cooperation in security-related fields.

In order to test this assertion of a link between cooperation and alliance-building, this thesis has posed two crucial questions about the nature of Sino-Russian cooperation:

- is cooperation between the two sides deepening over time?

- is this cooperation likely to lead to alignment?

To answers these questions, this thesis has examined the three forms of cooperation cited most frequently in discussions of the strategic relationship: defense technology, economic relations, and territorial affairs. This examination involved a comparison between features of cooperation in the 1950s and 1990s in order to isolate persistent features of Russo-Chinese relations which were likely to affect the progress of

cooperation and the salience of that cooperation to alignment. Its aim was also to identify changes in cooperation between the two periods that might make the outcome of current cooperation very different from its 1950s incarnation. These assessments were described at the end of the case studies that made up the three preceding chapters; the following section describes broad areas of agreement among these comparative studies that offer insight into the two central questions of this paper.

A. SUMMARY OF FINDINGS

In each of the preceding case studies, the 1950s and 1990s have been shown to be periods of unusually good relations between Russia and China from an historical perspective. In each case, it has been established that, barring unforeseen developments, current cooperation has the potential to continue for some time to come. Missing in the 1990s relationship is the ideological component that, ironically, drove both the dramatic growth and sudden termination of the 1950s cooperative relationship. However, there is a tendency, observable across all three cooperative fields in both decades, for cooperation to decline somewhat after an initial burst of activity. It appears that, to some extent, the potential for mutually beneficial relations--built up over decades of antagonism or other obstructions--is responsible for the initially high levels of cooperation. The emergence of

practical problems in cooperative enterprises, the satisfaction of the most pressing requirements on each side, and the generally poor technical, economic, and territorial "fit" between the two states all contribute to this phenomenon of slackening cooperation.

Legacies of early Sino-Soviet cooperation are visible throughout the 1990s relationship. In the economic sphere, there are similar patterns of trade involving the same types of goods. In the realm of defense technology exchange, the Soviet origins of many Chinese weapons systems helped pave the way for the rapid re-establishment of cooperative relations in that field. And in territorial affairs, cross-border exchanges re-emerged along the same networks of physical and institutional links that had been largely abandoned in 1960.

There is an argument to be made that the non-ideological cooperation in the current period is particularly vulnerable to reassessments by either partner of the cooperation's value. As soon as problems arose that made a particular form of cooperation seem less than beneficial to either side, that side promptly applied the brakes to further progress in that field. The preceding case studies abound in examples of this: Russia's interruption of the Su-27 program when the goods received in payment appeared to be substandard; the tightening of the border regime after an initial period of relative

openness had led to questionable business deals, a perceived growth in criminal activity, and other breaches of good order; China's decision to "cool off" its overheating economy by restricting the availability of capital, thus obviating the demand for Russian building materials. This may constitute a normal set of circumstances in bilateral relations, but the very normalcy of the situation suggests that neither side places an overriding strategic value on these ties.

In both the 1950s and 1990s, it can be argued, the desire to project a particular image of Russo-Chinese relations has been a factor in the early success of bilateral cooperation. The high profile events that took place over the first half of this decade--advanced weapon sales, dramatic signings of territorial agreements, and economic cooperation pacts--helped to create an image in line with the positions jointly adopted by the two countries vis-a-vis the United States, one of solidarity among second tier powers against the hegemon.

As they have in the past, geographic factors continue to play a role in limiting the growth of cooperation in various fields. Daunting overland distances continue to inhibit the growth of economic ties. Transportation costs, or even a lack of transportation infrastructure, negate the potential benefits of trade between the industrial centers of the

two countries. Territorial relations are negatively influenced by such factors as the remoteness of the Russian Far East (RFE) from Moscow and the marginal capacity of the border lands for economic exploitation. Expansion into and political control over the RFE has given Russia an historical white elephant: too prestigious to lose but enormously expensive to maintain. Geographic factors may in some ways have facilitated the growth of cooperation in defense technology. China's geographic distance from the strategic heart of Russia and the disparity between Russian and Chinese geostrategic concerns have allowed Russia to provide China with systems that are regionally significant but do not constitute a serious threat to Russian security. However, the disparity in their strategic outlook promises to eventually serve as a limiting factor in all forms of cooperation.

The border lands between the two countries continue to be populated to a substantial degree by people who are neither Chinese nor Russian, and this fact alone will continue to make each side sensitive to appearances of cross-border influence by the other. The main area of difficulty over these lands, however, appears to involve the ethnic Chinese and Russians who are the main economic and political actors there. Many Russian regional and national leaders argue that the tide of Chinese immigrants to the RFE must be stemmed as a matter of both economic and territorial self-interest: economic

because these immigrants--whether entrepreneur or laborer--are seen as a collective drain on Russia's wealth; territorial because a preponderance of ethnic Chinese in the RFE is generally seen as a de facto threat to the Russian character of these lands and Moscow's long-term sovereignty over them.

In each of these fields of cooperation, there is considerable evidence that the "cheating" problem in international relations theory applies to the Sino-Russian cooperation in the 1950s and 1990s. Briefly stated, there is a debate among scholars of international relations over whether states can overcome their "fear of cheating" by other states and achieve international cooperation. The neo-liberal view is that this fear can be effectively managed through international institutions and conventions to allow for cooperation. Realists contend that the fear of cheating that obstructs cooperation is in fact reinforced by another fear, that cooperation will be more beneficial to other states than to oneself.

China and Russia exhibited considerable fear of cheating in the 1950s and appear to be exhibiting a similar fear of one another's cooperative behavior in the 1990s. In the 1950s, this fear found expression over such issues as equipping the Chinese with nuclear and advanced conventional weapons. The Soviets feared that China would use the

benefits of further defense technology cooperation to support an activist revolutionary agenda in the Third World, an interest distinct from its putative shared interests with Moscow. In the 1990s, Russia appears to have grounds for similar concerns in its defense technology cooperation with China: given a technological boost from the Russian defense industries, might not the Chinese quickly become more robust competitors in the international arms market? In economic affairs, Russia's perception that the Chinese were benefiting more from bilateral deals by flooding the Russian market with low-quality goods (i.e., "cheating" on the terms of the deals) led to a dramatic drop in bilateral trade. And diatribes against exchanging strategic minerals for Chinese cassette recorders have made regular appearances on the editorial pages of Russian newspapers. It appears that the serious negative impact which fears of cheating have had and continue to have on Sino-Russian cooperation reflect a basic feature of the relationship: Neither side is willing to trust its security to the other, a situation which makes an alliance out of the question.

The realist-neoliberal debate over cooperation and fear of cheating is not meaningfully addressed by these case studies of Sino-Russian cooperation, since bilateral cooperation does not test the effectiveness of multilateral institutions in reducing

apprehension. However, the Sino-Russian case studies included in this paper do suggest that future efforts to test realist and neoliberal approaches to the cheating phenomenon would do well to avoid the field of economic relations as a test case. While such cases would appear at first blush to be a fair test of these two approaches--since they involve the sort of non-military issues that could be resolved most readily through arbitration--economic ties are in fact among the most contentious and ultimatum-prone of relationships precisely because trade wars do not usually involve the exchange of gunfire.

While the role of government in bilateral cooperation has changed significantly between the 1950s and the 1990s, the Chinese and Russian governments continue to hold sufficient sway in their respective economies--at least in the management of bilateral trade--to make for a meaningful comparison between the two eras. The chapter in this paper on economic relations suggests, in fact, that continuing government management of the economy in both countries works most often to obstruct the growth of economic cooperation. In the defense technology sector, the potential for cooperation between Russian and Chinese manufacturers is, perhaps naturally, curtailed by the government's national security prerogatives. Finally, cooperation in the 1990s differs significantly from the experience of the 1950s in that, especially on the Russian side, central control is much

less pervasive, dominant, or effective now than in the past. Reports of private arrangements between Russian arms specialists and Chinese defense research establishments, of informal economic arrangements that bring Chinese labor into the Russian Far East in substantial numbers, and of disagreements between center and periphery on territorial concessions all point to much increased difficulty for both states in asserting control. It also suggests that cooperation may be taking place increasingly at non-state levels, further weakening the argument for associating cooperation with the state-level behavior of alignment or alliance.

B. PROSPECTS FOR THE OVERALL RELATIONSHIP

How, then, to answer the questions posed at the outset of this thesis and restated at the beginning of this chapter? First, is cooperation between the two sides deepening over time? The evidence presented in the preceding case studies and briefly summarized above indicates that it is not. Cooperation at or near current levels is, it has been argued here, likely to continue for the foreseeable future. For various reasons, however, this cooperation appears to have declined significantly after an initial burst of activity in the early 1990s. The influence of the Sino-Soviet legacy is also tending to reproduce many self-limiting features of the 1950s relationship. The absence of an ideological imperative

toward alliance will encourage regular reassessments by each side of the cooperative relationship's value. The prevalence of image over substance in bilateral relations may lead to cooperative agreements that are devoid of substance. While possibly helpful in the initial stages of cooperation, the disparity of strategic outlook between the two sides may be expected to make cooperation more difficult over time, especially as it touches on areas of mutual enmity rather than benefit. There is little evidence of cooperation between the two sides to resolve cross-border ethnonational issues, and these issues have enormous potential to disrupt cooperation in territorial affairs. Government intervention and interference, this thesis has argued, is more likely to undermine than deepen bilateral cooperation.

Second, is this cooperation likely to lead to alignment? A logical premise of the argument that Sino-Russian cooperation is leading in this direction is that the absence of an ideological basis for cooperation in the 1990s will make alignment more likely to develop on the basis of actual mutual interests. Thus, cooperation can be seen as a natural building-block of an alliance based on practical considerations. However, if the arguments presented in the preceding pages portray the relationship correctly, cooperation is unlikely

ever to reach the "critical mass" necessary to warrant alignment on the basis of such practical consideration: the bases of cooperation are simply too weak.

Cooperation may, of course, correlate positively with alliance formation: it did so in the Sino-Soviet relationship of the 1950s. Cooperation in the 1950s, however, is best understood as the *product* of the alliance relationship. In the 1990s, the assertion that cooperation may lead to an alliance is an exact reversal of this historical pattern. Many states cooperate without any form of alliance or alignment, and with no expectation that cooperation will lead to a closer security relationship in the foreseeable future. Nationalist Chinese-Soviet cooperation in the 1930s is an example of this phenomenon.

The central problem in contemporary Sino-Russian security relations is one of trust. The confidence necessary for alliance formation appears, in Ralph Cossa's terms,[1] to derive from three factors: common interests, common values, and common goals. Russia and China appear to perceive mutual interest in conveying an impression of intensifying "security partnership," even in suggesting that this may be a euphemism for alignment. On a broad range of security issues, however, the two sides have precious few interests in common, and cooperation has done little or nothing to change that situation. The leaders of the two countries do not share common values, and no amount of pragmatic

cooperation will change that situation either. To the extent that national goals can be imputed for these two states, it appears that no amount of cooperation will transform their separate agendas into a common set of goals. In those few areas where the two sides have common goals (for example, a peaceful Central Asia, a peaceful and prosperous Korean peninsula), the visions of Russian and Chinese leaders for their countries' role in a future international order that will promote or ensure those interests is almost certainly not shared and may not be mutually compatible.

From a theoretical perspective, it is interesting that these two states appear to encourage others to perceive that they are balancing against a third party. At a time when the security risks facing both states have been demonstrably and dramatically lessened by the end of the Cold War, this sort of balancing behavior is relatively low-risk, especially in the absence of any active challenge from the putative hegemon. In fact, when the Soviet Union perceived a serious threat from its association with China around 1960 and when China faced a nuclear threat from the Soviet Union in the early 1970s, both countries pursued "bandwagoning" behavior with the United States against their more seriously threatening opponent. Perhaps it is the outsized effect which the appearance of alignment seems to have on U.S. strategic thinking, particularly when this image is so easily

generated through "cooperation" that carries with it none of the risks or potential costs associated with actual balancing or alignment against a stronger state.

Further studies that might amplify or qualify the findings of this paper would include an examination of the behavior of these countries in international organizations. How do their voting records compare? Do they show more cooperation with one another or with other nations or blocs? An examination of their behavior in crisis situations might also be useful in testing for the tendency to balance or bandwagon.

C. IMPLICATIONS FOR U.S. POLICY

Implications for U.S. policy are fairly straightforward: First, the national security community should not rush to judge these countries to be embarked on a journey toward alliance. Such judgments, of course, run the risk of becoming self-fulfilling prophecies; this is an unnecessary risk given the essentially benign character of the current Sino-Russian "partnership." Most significantly, reacting to a nonexistent threat is a potentially costly mistake both in terms of unnecessary expenditures and in the misallocation of limited resources to address that nonexistent threat.

Second, given the basically positive influence which Sino-Russian territorial cooperation has had on the East Asian security environment, it would seem to be in the

U.S. interest to support the continued settlement of outstanding border issues between the two sides. This need not be done in a way that either side would regard as an attempted intrusion into their bilateral affairs. For example, a U.S. statement commending the two sides for the contribution that Sino-Russian cooperation has made to the reduction of tensions in Asia would, on the one hand, explicitly encourage the substitution of cooperation for hostility across a sensitive border. On the other hand, it would implicitly signal that the United States does not regard Sino-Russian cooperation as threatening, perhaps reducing the propaganda leverage which the two states appear to be employing against the "unipolar hegemon."

Third, to the extent that cooperation does affect security within the international system, it is not by providing bases for alliance but by generating inducements for continued cooperation and disinclination to disrupt a range of mutually beneficial arrangements through conflict, embargo, or retaliation. It is for this reason that the United States should do what it can to promote Russian and Chinese integration into the world economic system, emphasizing the domestic reforms necessary to achieve that integration.

Notes

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[1] Lecture at the Naval Postgraduate School, March 1997.

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